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LISTING STATEMENT NO. 2459

LISTED JULY 15, 1970

3,496,980 6% Non-cumulative Convertible Non-voting Class B Preference Shares with a par value of \$5.00 each of which 316,395 shares are subject to issuance.

15,994,156 Common Shares without par value of which 4,423,960 shares are subject to issuance.

Stock Symbols

Class B Preference "GGL PR B".

Common "GGL".

Post Section 1.2.

THE TORONTO STOCK EXCHANGE

LISTING STATEMENT

THE GLENGAIR GROUP LIMITED

incorporated under the laws of the Province of Ontario
by letters patent dated January 15, 1962

6% NON-CUMULATIVE CONVERTIBLE NON-VOTING CLASS B PREFERENCE SHARES
with a par value of \$5 each

COMMON SHARES
without par value
(transferable in Toronto, Montreal, Winnipeg, and Vancouver)

CAPITAL SECURITIES AS AT JUNE 30, 1970

CAPITAL SECURITIES	AUTHORIZED	ISSUED AND OUTSTANDING	TO BE LISTED
THE COMPANY			
Class A Preference Shares with a par value of \$25 each issuable in series	1,000,000 shs.	—	—
6% Non-cumulative Convertible Non-voting Class B Preference Shares with a par value of \$5 each	15,000,000 shs.	3,180,585 shs.	3,496,980 shs.
Common Shares without par value (1) (2)	20,000,000 shs.	11,570,196 shs.	15,994,156 shs.
Sinking Fund Debentures (unsecured)			
Series A 6¾% (3)	\$2,362,580	\$2,062,580	—
Series B 6½% (4)	\$2,000,000	\$1,800,000	—
SUBSIDIARY COMPANIES			
Northern Tar, Chemical and Wood Limited			
7.8% Secured Debenture (5)	\$1,600,000	\$1,490,000	—
Canada Brick Company Limited			
6¾% First Mortgage Sinking Fund Bonds (6)	\$2,000,000	\$1,600,000	—
Tancord Industries Ltd.			
6¾% Secured Debenture (7)	\$1,500,000	\$1,200,000	—
St. Lawrence Brick Co. Limited			
9¼% Subordinated Sinking Fund Debentures (8)	\$ 750,000	\$ 750,000	—
9¼% First Mortgage Sinking Fund Bonds (9)	\$1,625,000	\$1,625,000	—
Miscellaneous Mortgages and Floating Charge Debentures	—	\$ 206,172	—
Atlantic Sugar Refineries Co. Limited			
4% First Mortgage and Collateral Trust Sinking Fund Bonds, Series A maturing December 1, 1974	\$5,500,000	\$3,998,500	—

CAPITAL SECURITIES	AUTHORIZED	ISSUED AND OUTSTANDING	TO BE LISTED
SUBSIDIARY COMPANIES—Continued			
6% First Mortgage Bonds, Series C Sinking Fund, maturing on June 30, 1985	\$9,400,000 (US)	\$9,205,892 (US)	—
7¼ % First Mortgage Bonds maturing on June 30, 1987—semi-annual payments of principal and interest of \$74,076.54	\$1,551,600	\$1,434,546	—
8¼ % First Mortgage Bonds maturing in 1988	—	\$4,072,018	—
8¾ % First Mortgage Bonds maturing in 1988	—	\$ 904,092	—
Acadia Pulp and Paper Limited			
6¾ % First Mortgage Sinking Fund Bonds, Series A maturing February 1, 1984	\$6,000,000	\$4,935,000	—
Canadian Tuna Company (1965) Limited			
6¼ % First Mortgage Bonds maturing March 15, 1982, payable in quarterly installments of principal and interest of \$37,374.87	\$1,409,030	\$1,246,934	—

(1) The following options are outstanding:

Options on 65,000 Common Shares at \$5.375 per share (at a maximum rate of 13,000 shares per year) to an officer of Glengair and to an employee of a subsidiary company to expire not later than August 31, 1974.

(2) There are share purchase warrants outstanding entitling the holders thereof to purchase an aggregate of 651,050 Common Shares of Glengair at the following prices:

\$2.25 per share if exercised on or before June 30, 1972; thereafter

\$3.00 per share if exercised on or before June 30, 1974; and thereafter

\$4.00 per share if exercised on or before June 30, 1976; void thereafter.

There are B Warrants outstanding entitling the holders thereof to purchase an aggregate of 316,395 6% Non-cumulative Convertible Non-voting Class B Preference Shares and 210,930 Common Shares of the Company at a price of \$10 per unit of 1½ 6% Non-cumulative Convertible Non-voting Class B Preference Shares and 1 Common Share if exercised on or before March 1, 1973; at a price of \$12 per such unit if exercised after March 1, 1973, and on or before March 1, 1976; and at a price of \$14 per such unit if exercised after March 1, 1976, and on or before March 1, 1978.

(3) The 6¾ % Debentures Series A mature on December 15, 1985. The Company has covenanted to establish a sinking fund to provide for the retirement of \$100,000 principal amount of 6¾ % Debentures Series A on December 15 in each of the years 1970 to 1984, inclusive.

(4) The 6½ % Sinking Fund Debentures Series B (hereinafter called Series B Debentures) were issued in interim form on June 30, 1966. The Company has covenanted to establish a sinking fund to provide for the retirement of the Series B Debentures requiring the payment by the Company on December 15 in each of the years 1970 to 1975, both inclusive, of \$100,000 to be applied to the purchase of Series B Debentures at prices not exceeding the principal amount thereof plus accrued interest and costs of purchase, provided that the amount to be paid by the Company into such sinking fund on any such date shall not exceed the difference between \$200,000 and the amount remaining in such sinking fund and not so applied.

(5) The 7.8% Secured Debenture is payable as to \$110,000 on December 15, 1970 to 1978 inclusive and \$100,000 on December 15, 1979 to 1983 inclusive.

(6) The 6¾ % First Mortgage Sinking Fund Bonds mature on January 4, 1986. Canada Brick Company Limited has covenanted to establish a sinking fund to provide for the retirement of \$100,000 principal amount of 6¾ % First Mortgage Sinking Fund Bonds on January 4 in each of the years 1971 to 1985 inclusive.

(7) The 6¾ % Secured Debenture is payable as to \$100,000 on July 31, 1970 to 1981 inclusive.

(8) The 9¼ % Subordinated Debentures mature April 1, 1990. St. Lawrence Brick Co. Limited has covenanted to provide a sinking fund to retire the following principal amounts of Debentures in April in each year:

\$14,000 in 1971;	\$26,500 in 1978;	\$49,500 in 1985;
15,000 in 1972;	29,000 in 1979;	54,000 in 1986;
16,500 in 1973;	31,580 in 1980;	59,000 in 1987;
18,000 in 1974;	34,500 in 1981;	64,500 in 1988;
19,500 in 1975;	37,500 in 1982;	71,000 in 1989;
21,500 in 1976;	41,000 in 1983;	78,500 in 1990.
24,000 in 1977;	45,000 in 1984;	

(9) The principal amount of the 9¼ % First Mortgage Sinking Fund Bonds was advanced on May 1, 1970, and matures on May 1, 1990. St. Lawrence Brick Co. Limited has covenanted to provide a sinking fund to retire the following principal amounts of Bonds on May 1 in each year:

\$30,000 in 1971;	\$57,000 in 1978;	\$107,000 in 1985;
32,000 in 1972;	63,000 in 1979;	117,000 in 1986;
36,000 in 1973;	68,000 in 1980;	128,000 in 1987;
39,000 in 1974;	75,000 in 1981;	140,000 in 1988;
42,000 in 1975;	81,000 in 1982;	154,000 in 1989;
47,000 in 1976;	89,000 in 1983;	171,000 in 1990.
52,000 in 1977;	97,000 in 1984;	

1. APPLICATION

THE GLENGAIR GROUP LIMITED (herein called the "Company") makes application for the listing on The Toronto Stock Exchange of (a) 3,496,980 6% Non-cumulative Convertible Non-voting Class B Preference Shares (herein called the "Class B Preference Shares") with a par value of \$5 each; and (b) 15,994,156 Common Shares without par value (herein called "Common Shares"); of which 3,180,585 Class B Preference Shares and 11,570,196 Common Shares are issued and outstanding as fully paid and non-assessable as at June 30, 1970.

The remaining 316,395 Class B Preference Shares and the remaining 4,423,960 Common Shares have been reserved as follows:

	Class B Preference	Common
For issue on exercise of employee options	—	65,000
For issue on exercise of Share Purchase Warrants	—	651,050
For issue on exercise of B Warrants	316,395	210,930
On conversion of 3,496,980 Class B Preference Shares into Common Shares	—	3,496,980
	<u>316,395</u>	<u>4,423,960</u>

2. REFERENCE TO TAKE-OVER BID CIRCULAR

Reference is made to the attached take-over bid circular issued by the Company in connection with its offer dated April 28, 1970, to the holders of Common Shares and Warrants to purchase Common Shares of Atlantic Sugar Refineries Co. Limited, a copy of which take-over bid circular is incorporated in this application and made part thereof.

3. HISTORY

The Company was incorporated in January, 1962, under the laws of the Province of Ontario under the name of Consumer Credit Corporation Limited to engage, directly or through its subsidiary, Huron Finance Limited, in the financing of installment purchases of consumer goods and in particular the financing of charge accounts and credit plans in large discount and department stores. In February, 1966, the Company's debt and capital structure were reorganized and in connection with or as part of such reorganization the Company acquired Glengair Investments Limited. In June, 1966, the Company in partnership with Huron Finance Limited (since wound up) and Glengair Investments Limited acquired all the assets, property and business (excluding fixed assets) of Canada Brick (Streetsville) Limited (since wound up) and leased from Canada Brick Company Limited the fixed assets which Canada Brick Company Limited had acquired from Canada Brick (Streetsville) Limited.

In 1962 Glengair Investments Limited acquired a substantial interest in Bartaco Industries Limited, which interest was later disposed of. Glengair Investments Limited acquired control of Northern Tar, Chemical and Wood Limited in 1964 and of Canada Brick Company Limited in 1965, and acquired a major interest in Venezuelan Power Company Limited, now Venpower Limited, in 1965. In 1965 V.P.G.L. Holdings Limited was incorporated as a subsidiary of Glengair Investments Limited to hold the securities of Venpower Limited.

In 1968 the Company agreed to buy all the outstanding shares of Allanson Manufacturing Corporation Limited and Allanson Manufacturing Corporation. In 1969 the Company acquired 100% ownership of Redi-Set Business Forms Limited. The Company caused Glentech Instruments Limited to be formed in March, 1969. In 1969 the Company acquired control of St. Lawrence Brick Co. Limited and Venpower Limited. In 1970 the Company acquired control of Atlantic Sugar Refineries Co. Limited.

4. NATURE OF BUSINESS

The Company in partnership with its wholly-owned subsidiary, Glengair Investments Limited, is now engaged in the manufacture and sale of bricks. Particulars of the operations of subsidiaries are set out on Pages 15, 16, and 17 of the take-over bid circular. The Company is also an investment company and through subsidiaries holds an investment portfolio of marketable securities, a detailed statement of which appears on Page 42 of the take-over bid circular, that includes participation in such varied growth and opportunity businesses as mutual fund sales and management, home construction, natural resource development, manufacture of moulds and other components for the automotive industry, and sophisticated electric equipment.

5. INCORPORATION

The Company was incorporated under the laws of the Province of Ontario by letters patent dated January 15, 1962, under the name of Consumer Credit Corporation Limited with an authorized capital of 400 6% non-voting preference shares with a par value of \$10 each and 36,000 common shares without par value. Supplementary letters patent dated May 31, 1962, have been issued to the Company changing and increasing the authorized capital to 1,000,000 Preference Shares with a par value of \$5 each, issuable in series, and 1,000,000 Common Shares without par value. Supplementary letters patent dated November 21, 1963, have been issued to the Company increasing the authorized capital by creating an additional 500,000 Common Shares. Supplementary letters patent dated October 9, 1964, have been issued to the Company varying the provisions attaching to the 6½% Cumulative Redeemable Preference Shares, Series A, being the first series of Preference Shares. Supplementary letters patent dated February 25, 1966, have been issued to the Company changing its name to The Glengair Group Limited, varying its objects and confirming the arrangement under Section 95 of The Corporations Act (Ontario) between the Company and the holders of its 6½% Cumulative Redeemable Preference Shares, Series A, and the holders of its Common Shares, which arrangement decreased

(e) The offering of \$2,000,000 of 6½ % Sinking Fund Debentures, Series B, of the Company carrying share purchase warrants was qualified for sale to the public in June, 1966, in all Provinces of Canada.

(f) The offering of 45,000 5% Cumulative Redeemable Preference Shares, 135,000 Class A Shares and Warrants to purchase 450,000 Common Shares of Atlantic Sugar Refineries Co. Limited was qualified for sale to the public in March, 1968, in all Provinces of Canada.

11. FISCAL YEAR

The fiscal year of the Company ends on December 31 in each year.

12. ANNUAL MEETINGS

The by-laws of the Company provide that the annual meeting of the Company shall be held at the Head Office of the Company or at such other place in Ontario on such date in each year as the board of directors may determine from time to time. The last annual meeting was held on May 20, 1970.

13. DIVIDENDS

A dividend of 7½¢ per share on the outstanding Class B Preference Shares has been declared payable July 15, 1970, to shareholders of record on June 18, 1970.

No dividends have been paid on the Common Shares of the Company. Quarterly dividends on the former 6½ % Cumulative Redeemable Preference Shares, Series A, of 8.125¢ per share (aggregating \$10,156.25) were paid in the quarters ending February 28, May 31, August 31 and November 30, 1963, and February 28 and May 31, 1964.

14. HEAD AND OTHER OFFICES

The Head Office is located on the 52nd Floor, Toronto Dominion Bank Tower, Toronto Dominion Centre, Toronto, Ontario.

15. TRANSFER AGENT AND REGISTRAR

Canada Permanent Trust Company at its offices at 1901 Yonge Street, Toronto 7, Ontario, 600 Dorchester Boulevard West, Montréal 113, Québec, 433 Portage Avenue, Winnipeg, Manitoba, and 455 Granville Street, Vancouver 2, British Columbia, is the transfer agent and registrar for the Class B Preference Shares and Common Shares of the Company.

16. AUDITORS

The auditors of the Company are Messrs. Glendinning, Jarrett, Gould & Co., Chartered Accountants, Royal Trust Tower, Toronto Dominion Centre, Toronto, Ontario.

17. OFFICERS

The officers of the Company are:

<u>Name</u>	<u>Office</u>	<u>Home Address</u>
John Smith Gairdner	Chairman of the Board	1502 Lakeshore Road East Oakville, Ontario
John Howard Hawke	President	34 Whitney Avenue Toronto, Ontario
Douglas Grant Sinclair	Vice-President and General Manager—Operations	100 St. Leonards Avenue Toronto, Ontario
Clarence William Joseph Leonardi, C.A.	Vice-President and Treasurer	288 Dalewood Drive Oakville, Ontario
George Leo Ploder, C.A.	Assistant Treasurer	1564 Lochlin Trail Port Credit, Ontario
Cyrl Holly Hollingshead	Secretary	79 Rykert Crescent Toronto, Ontario

18. DIRECTORS

The directors of the Company are:

<u>Name</u>	<u>Home Address</u>	<u>Occupation</u>
John Smith Gairdner	1502 Lakeshore Road East, Oakville, Ontario	Executive
James Harland Gairdner	7901 Yonge Street, Thornhill, Ontario	Executive
John Howard Hawke	34 Whitney Avenue, Toronto, Ontario	Executive
Peter Hedgewick	3691 Victoria Boulevard, Windsor, Ontario	Executive
Lawrence Clement Edward Lawrence	Apt. 1103, 500 Avenue Road, Toronto, Ontario	Executive

This Offer is restricted to the holders of Common Shares of Atlantic Sugar Refineries Co. Limited and to the holders of Warrants to purchase Common Shares of Atlantic Sugar Refineries Co. Limited and is not otherwise to be construed as a public offering.

No securities commission or similar authority in Canada has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.

This Offer is not and under no circumstances is to be construed as an offer to any resident of the United States of America or of any of the territories or possessions thereof.

OFFER

**To the holders of Common Shares and to the
holders of Warrants to purchase Common Shares**

of

Atlantic Sugar Refineries Co. Limited

by

The Glengair Group Limited

The basis of this offer is:

(a) one and one-half ($1\frac{1}{2}$) 6% Non-cumulative Convertible Non-voting Class B Preference Shares with a par value of \$5 each and one (1) Common Share without par value of The Glengair Group Limited for each Common Share of Atlantic Sugar Refineries Co. Limited; and

(b) a Warrant to purchase one and one-half ($1\frac{1}{2}$) 6% Non-cumulative Convertible Non-voting Class B Preference Shares with a par value of \$5 each and one (1) Common Share without par value of The Glengair Group Limited for each Warrant to purchase one (1) Common Share of Atlantic Sugar Refineries Co. Limited.

This offer is open for acceptance up to and including June 1, 1970.

THE FORMAL OFFER IS SET FORTH ON PAGES 4, 5 AND 6 HEREOF

The 6% Non-cumulative Convertible Non-voting Class B Preference Shares and Common Shares of The Glengair Group Limited issued under this offer will only be transferable as Units of one and one-half Class B Preference Shares and one Common Share, and not separately, until December 15, 1970 or such earlier date as The Glengair Group Limited may designate on not less than 14 days' notice to the registered holders of the Units.

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The following constitutes full, true and plain disclosure of all material facts relating to the 6% Non-cumulative Convertible Non-voting Class B Preference Shares, Common Shares and Warrants of The Glengair Group Limited offered by it in exchange for issued and outstanding Common Shares of Atlantic Sugar Refineries Co. Limited and Warrants of Atlantic Sugar Refineries Co. Limited as required by Part IX of The Securities Act, 1966 (Ontario) and the regulations thereunder, Part VII of The Securities Act, 1968 (Manitoba) and the regulations thereunder, Part X of The Securities Act, 1967 (Saskatchewan) and the regulations thereunder, Part 9 of The Securities Act (Alberta) and the regulations thereunder and Part IX of the Securities Act, 1967 (British Columbia) and the regulations thereunder.

THE GLENGAIR GROUP LIMITED

Toronto, Ontario, April 28, 1970

To the holders of the outstanding
Common Shares and of the outstanding
Warrants to purchase Common Shares of
Atlantic Sugar Refineries Co. Limited:

The Glengair Group Limited (hereinafter called "Glengair"), which is, directly and through a wholly-owned subsidiary, the holder of 1,268,075 Common Shares without par value of Atlantic Sugar Refineries Co. Limited (hereinafter called "Atlantic"), hereby offers (a) to acquire from the holders thereof all the remaining outstanding Common Shares without par value of Atlantic on the basis of one and one-half (1½) 6% Non-cumulative Convertible Non-voting Class B Preference Shares (hereinafter called "Class B Shares") with a par value of \$5 each and one (1) Common Share without par value of Glengair for each fully paid Common Share of Atlantic and (b) to acquire from the holders thereof all the outstanding Warrants to purchase Common Shares of Atlantic on the basis of a Warrant to purchase one and one-half (1½) Class B Shares and one (1) Common Share of Glengair for each Warrant to purchase one (1) Common Share of Atlantic.

This Offer is subject to the following terms and conditions:

1. Acceptance of this Offer may only be made by any holder by depositing on or before June 1, 1970 (or later date as hereinafter provided) with any office of Canada Permanent Trust Company in Canada the appropriate certificate(s) representing his Common Shares of Atlantic or his Warrant(s) to purchase Common Shares of Atlantic accompanied by a duly completed and signed Letter of Transmittal in the form attached on page 7 of the circular of which this Offer forms part, which form may be detached. Such certificate(s) or Warrant(s), if registered in the name of the accepting holder, need not be endorsed, but the Letter of Transmittal must be executed and the execution thereof guaranteed, all as specified in the Letter of Transmittal.
2. This Offer may be accepted by any holder until but not after June 1, 1970, provided that Glengair in its discretion (the conditions set forth in paragraph 3 hereof having been met or waived) may from time to time extend the time for acceptance of this Offer. Any Common Shares represented by certificates deposited as hereinbefore provided and any Warrants to purchase Common Shares deposited as hereinbefore provided shall be taken up by Glengair in accordance with the terms of this Offer or returned (by mailing the same by first class insured mail) to or to the order of the person depositing the same on or before June 8, 1970, if deposited on or before June 1, 1970 or within seven days after such deposit, if deposited after the last-mentioned date.
3. This Offer shall not become binding on Glengair unless:
 - (a) The businesses of Atlantic and each of its subsidiaries (hereinafter called the "subsidiaries") shall have been carried on in the ordinary course between December 31, 1969 and the date when Glengair first takes up any Common Shares of Atlantic hereunder, which date or June 8, 1970, whichever may first occur, is herein called the "closing date";
 - (b) No dividends or other distributions shall have been declared or paid on any Common Share of Atlantic after April 2, 1970 and prior to and including the closing date, other than a quarterly dividend of 10¢ per share payable on the Common Shares of Atlantic on July 2, 1970;
 - (c) The authorized capital of Atlantic on the closing date shall consist of 75,000 5% Cumulative Redeemable Preference Shares with a par value of \$100 each, 600,000 Class A Shares without par value and 9,000,000 Common Shares without par value, of which 75,000 5% Cumulative Redeemable Preference Shares, 435,000 Class A Shares and 5,460,000 Common Shares (or such greater number as shall result from any exercise of the Warrants or options in this condition (c) referred to) shall be issued and outstanding as fully paid and non-assessable and, except for the Common Shares reserved for issuance pursuant to the exercise of Warrants issued under a share purchase warrant indenture dated March 1, 1968 between Atlantic and Montreal Trust Company and 42,000 Common Shares reserved for issuance under stock options heretofore

- granted to key employees, there shall not be outstanding on the closing date any agreements, options or rights to purchase relating to unissued Class A Shares or Common Shares of Atlantic;
- (d) No substantial damage to the assets of Atlantic or any of its subsidiaries has occurred since December 31, 1969 and prior to and including the closing date which, in the opinion of Glengair, would substantially adversely affect the operations or earnings of Atlantic or any of its subsidiaries;
 - (e) Neither Atlantic nor any of its subsidiaries has since December 31, 1969 and up to and including the closing date sold or otherwise disposed of or agreed or made any commitment to sell or otherwise dispose of any of its assets except in the ordinary course of business or made or agreed to make any payment to any officer or employee except at the regular rates of salary or other remuneration;
 - (f) At the closing date there shall be no actions, suits or proceedings (whether or not purportedly on behalf of Atlantic or any of its subsidiaries) pending or to the knowledge of Atlantic or any of its subsidiaries threatened against or affecting Atlantic or any of its subsidiaries, at law or in equity or before or by any federal, provincial, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, which if successful would in the opinion of Glengair substantially adversely affect the operations or earnings of Atlantic or any of its subsidiaries;
 - (g) Neither Atlantic nor any of its subsidiaries is, as of the date of this Offer, or shall be at the closing date, a party to any written employment or service agreement, other than Union agreements and an existing employment agreement with the President of Atlantic;
 - (h) On the closing date Glengair shall have been furnished with such opinions of its solicitors and with such certificates, affidavits or statutory declarations of officers of Atlantic as Glengair or Glengair's solicitors may reasonably think necessary establishing that the above mentioned conditions have been complied with.

The foregoing conditions (a) to (h) inclusive are inserted for the exclusive benefit of Glengair and may be waived in whole or in part by it at any time, provided, however, that if Glengair takes up any Common Shares or Warrants under this Offer it shall take up all Common Shares certificates representing which, and all Warrants which, are deposited within the time (subject as aforesaid) and in the manner hereinbefore provided.

Notwithstanding anything herein contained Glengair shall not be obligated to take up any Common Shares or Warrants under this Offer unless the shareholders of Glengair, at a general meeting (which may be an annual and general meeting) of shareholders to be held on or before May 20, 1970, have confirmed with or without variation a resolution passed by the directors of Glengair on April 24, 1970 authorizing an application for supplementary letters patent increasing the authorized capital of Glengair so that the authorized capital of Glengair upon the issue of such supplementary letters patent will consist of 1,000,000 Class A Preference Shares with a par value of \$25 each, issuable in series, 15,000,000 Class B Shares with a par value of \$5 each and 20,000,000 Common Shares without par value and unless supplementary letters patent so increasing the authorized capital of Glengair shall have been issued.

4. Unit Certificates representing the Class B Shares and Common Shares of Glengair to be issued and exchanged for Common Shares of Atlantic taken up hereunder (which Class B Shares and Common Shares to be issued shall be issued as fully paid and non-assessable shares and which Unit Certificates shall be as described under the heading "Plan of Acquisition" in the circular of which this Offer forms part) and Warrants to purchase shares of Glengair to be issued and exchanged for Warrants to purchase Common Shares of Atlantic taken up hereunder shall be delivered to holders accepting this Offer at their respective addresses specified in the Letter of Transmittal referred to above or, in the event that no such address is so specified, at the respective addresses of such holders as the same appear in the books of Atlantic kept by Montreal Trust Company. In the case of Unit Certificates or Warrants so mailed, delivery of such certificates or Warrants shall be deemed to have been made to the depositor concerned as soon as the letter containing the same has been mailed.

5. Holders who wish to forward their certificates or Warrants by mail are advised to use registered mail for their own protection.

6. Any shares represented by certificates deposited pursuant to this Offer and any Warrants deposited pursuant to this Offer may be withdrawn by the depositor at any time until the expiration of seven (7) days from the date on which this Offer was mailed.

7. Glengair will pay the security transfer taxes payable in respect of the transfer to it of Common Shares and Warrants to purchase Common Shares of Atlantic under this Offer.

8. The preferences, rights, conditions, restrictions, limitations and prohibitions to be attached to the Class B Shares of Glengair are referred to under the heading "Descriptions of Shares of Glengair" in the circular of which this Offer forms part and the Warrants to purchase Common Shares of Glengair are described under the heading "Description of Share Purchase Warrants of Glengair" in such circular.

9. The shares and Warrants of Glengair hereby offered for Common Shares and Warrants to purchase Common Shares of Atlantic are not being offered in the United States of America or in the territories or possessions thereof and nothing herein contained shall under any circumstances be construed as an offering of any such shares or Warrants of Glengair for sale in the United States of America or the territories or possessions thereof or an offering to any resident of the United States of America or of any of the territories or possessions thereof. The shares and Warrants of Glengair hereby offered are not registered under the United States "Securities Act of 1933" and amendments thereto. Glengair will not accept Common Shares or Warrants to purchase Common Shares of Atlantic tendered to it under the terms of this Offer by any person or his agent who appears to be or Glengair has reason to believe is a resident of the United States of America or any territory or possession thereof and this Offer is not being made to any such person.

THE GLENGAIR GROUP LIMITED

By: J. H. HAWKE
President

LETTER OF TRANSMITTAL

To accompany certificates for Common Shares and Warrants to purchase Common Shares of ATLANTIC SUGAR REFINERIES CO. LIMITED delivered pursuant to the Offer of THE GLENGAIR GROUP LIMITED.

Please read carefully the instructions overleaf before completing this letter of transmittal.

TO: CANADA PERMANENT TRUST COMPANY
(See item 1 of Instructions)
AND TO: THE GLENGAIR GROUP LIMITED

Dear Sirs:

The undersigned hereby delivers to Canada Permanent Trust Company the following share certificates for Common Shares and/or Warrants to purchase Common Shares of ATLANTIC SUGAR REFINERIES CO. LIMITED (herein called "Atlantic"):

Share Certificates

Certificate Number(s)	Number of Common Shares of Atlantic Owned
TOTAL	

Warrants

Warrant Number(s)	Number of Common Shares of Atlantic purchaseable under Warrant(s)
TOTAL	

(If space insufficient please attach list)

The undersigned hereby represents that the undersigned is the owner of and with full authority to sell and transfer the Common Shares represented by the above certificates and the above Warrants.

Said certificates and/or Warrants are delivered to Canada Permanent Trust Company pursuant to the Offer made by The Glengair Group Limited (herein called "Glengair") to the holders of Common Shares and Warrants to purchase Common Shares of Atlantic under date of April 28, 1970, which Offer is hereby accepted by the undersigned in respect of the Common Shares the certificates representing which are herewith transmitted and in respect of the Warrants which are herewith transmitted. Canada Permanent Trust Company is hereby appointed the agent of the undersigned for the purpose of effecting the exchange.

The undersigned hereby irrevocably delivers, subject to the right of withdrawal mentioned in the Offer, such Common Shares and Warrants to purchase Common Shares of Atlantic and assigns all right, title and interest therein to Glengair to be exchanged on the basis set forth in the Offer.

Please issue the Unit Certificates and/or Warrants to purchase shares of Glengair in the name specified below and mail same by insured mail to the address for that purpose designated below, or if so indicated, deliver such Unit Certificates and/or Warrants to purchase shares of Glengair against counter receipt.

Canada Permanent Trust Company, on behalf of the undersigned, may complete, in conformity with the certificates and/or Warrants transmitted herewith, any blanks in this letter of transmittal which the undersigned may have omitted completing.

Issue in the name of (Please print)

Deliver (Indicate alternative desired)

Name.....

☐ To same address as for issuance

Address.....
(Street address or P.O. Box)

☐ To.....

.....
(City—Province)

.....
(Street Address or P.O. Box)

.....
(City—Province)

☐ Deliver against counter receipt

Signature Guaranteed

X
(Signature)

..... (Signature of depositor as indicated on face of certificate or Warrant, or authorized representative as agent).

INSTRUCTIONS FOR COMPLETING THE LETTER OF TRANSMITTAL

1. One copy of the Letter of Transmittal, duly signed and completed together with the appropriate certificates representing Common Shares and/or Warrants to purchase Common Shares of Atlantic Sugar Refineries Co. Limited, should be sent to any office in Canada of Canada Permanent Trust Company so as to reach it not later than June 1, 1970 or such subsequent date to which The Glengair Group Limited may extend the time for acceptance.
2. Your signature on the Letter of Transmittal must be guaranteed by a Canadian bank or trust company or by a member firm of the Toronto, Montreal, Canadian, Winnipeg, Calgary or Vancouver stock exchanges or otherwise guaranteed to the satisfaction of Canada Permanent Trust Company.
3. THIS INSTRUMENT WHEN EXECUTED CONSTITUTES AN ASSIGNMENT OF THE SHARES AND/OR WARRANTS TO PURCHASE COMMON SHARES MENTIONED HEREIN. SHARE CERTIFICATES OR WARRANTS TO PURCHASE COMMON SHARES NEED NOT BE ENDORSED OR ACCOMPANIED BY STOCK POWERS IF THIS INSTRUMENT IS SIGNED BY THE REGISTERED HOLDER. IF THE PERSON ACCEPTING THE OFFER IS NOT THE REGISTERED HOLDER OF THE SHARES OR THE WARRANTS, THE SHARE CERTIFICATES AND/OR THE WARRANTS MUST BE ENDORSED OR ACCOMPANIED BY STOCK POWERS DULY EXECUTED BY THE REGISTERED HOLDER WITH SIGNATURE GUARANTEED IN ACCORDANCE WITH INSTRUCTION 2.
4. If this instrument is executed by an officer on behalf of a corporation, or by an executor, administrator, trustee, guardian, attorney, agent or other person acting in a fiduciary or representative capacity, the full title as such must be given, and proper documentary evidence must be furnished of the authority of the person executing the same. Questions regarding such evidence of authority may be referred to Canada Permanent Trust Company.
5. When the offer is accepted by a married woman subject to the laws of Quebec or any other jurisdiction requiring her husband's authorization, the Letter of Transmittal must be authorized by her husband by means of his writing under the guarantee of her signature the words, "To authorize my wife" and adding his signature, which must also be guaranteed in accordance with Instruction 2.
6. The Glengair Group Limited will pay the security transfer taxes payable in respect of the transfer to it of Common Shares and Warrants to purchase Common Shares of Atlantic under the Offer.
7. The method of delivery of this instrument, the share certificates and/or Warrants of Atlantic Sugar Refineries Co. Limited and related documents (if any) is at the option and risk of the holders, but delivery will be effected only when actually received by Canada Permanent Trust Company at any of its offices in Canada.
8. For your convenience there is enclosed an envelope which may be used in forwarding share certificates or Warrants. HOLDERS ARE ADVISED TO USE THE REGISTERED POST FOR THEIR PROTECTION.
9. Principal offices of Canada Permanent Trust Company are located as follows:
 - TORONTO
1901 Yonge Street, Toronto, Ontario.
 - MONTREAL
600 Dorchester Blvd. West, Montreal 113, Quebec.
 - WINNIPEG
433 Portage Avenue, Winnipeg, Manitoba.
 - VANCOUVER
455 Granville Street, Vancouver, British Columbia.

Investment dealer or broker, if any, through whom deposit of Common Shares or Warrants effected.

(Name)

(Address)

THE COMPANY

The Glengair Group Limited (hereinafter called "Glengair") was incorporated under the laws of the Province of Ontario by letters patent dated January 15, 1962 under the name of Consumer Credit Corporation Limited. Supplementary letters patent dated May 31, 1962, October 19, 1962, November 21, 1963 and October 9, 1964 have been issued to Glengair increasing the authorized capital and varying preference share provisions. Supplementary letters patent dated February 25, 1966 have been issued to Glengair changing its name to The Glengair Group Limited, varying its objects and confirming an arrangement between Glengair and its shareholders which resulted in the authorized capital of Glengair becoming 10,000,000 Common Shares without par value. Supplementary letters patent dated May 5, 1969 have been issued to Glengair increasing its capital to 1,000,000 Preference Shares with a par value of \$25 each, issuable in series, and 20,000,000 Common Shares without par value.

The directors of Glengair have passed a resolution authorizing an application for supplementary letters patent, among other things, to redesignate the Preference Shares as Class A Preference Shares, to increase its authorized capital by the creation of 15,000,000 6% Non-cumulative Convertible Non-voting Class B Preference Shares with a par value of \$5 each and to declare that the authorized capital of Glengair shall consist of 1,000,000 Class A Preference Shares with a par value of \$25 each, issuable in series, 15,000,000 6% Non-cumulative Convertible Non-voting Class B Shares with a par value of \$5 each and 20,000,000 Common Shares without par value. An annual and general meeting of the shareholders of Glengair has been called for May 20, 1970 for the purpose, among other things, of confirming, with or without variation, the said resolution. Upon such confirmation Glengair proposes to make application for the desired supplementary letters patent. These are the supplementary letters patent referred to in the last sub-paragraph of paragraph 3 of the Offer on pages 4, 5 and 6 hereof.

The head or principal office of Glengair is on the 52nd Floor, Toronto-Dominion Centre, Toronto, Ontario.

DESCRIPTIONS OF SHARES OF GLENGAIR

The preferences, rights, conditions, restrictions, limitations and prohibitions to be attached to the Class A Preference Shares (herein sometimes called "Class A Preference Shares"), issuable in series, with a par value of \$25 each and to the 6% Non-cumulative Convertible Non-voting Class B Preference Shares (herein sometimes called "Class B Shares") with a par value of \$5 each of Glengair upon issue of the supplementary letters patent to be applied for as referred to under the heading "The Company" are to be substantially as set out in Schedules A and B hereto and are summarized hereunder. A description of the Common Shares of Glengair is also set out hereunder.

CLASS A PREFERENCE SHARES

ISSUANCE IN SERIES—The Class A Preference Shares may at any time and from time to time be issued in one or more series, each series to consist of such number of shares as may before issue thereof be determined by a resolution of the board of directors of Glengair. The board of directors shall fix the designation, preferences, rights, conditions, restrictions, limitations and prohibitions to be attached to the Class A Preference Shares of such series, including the rate or amount of preferential dividends, the date or dates and place or places of payment thereof, the consideration and the terms of any purchase for cancellation or redemption thereof, conversion rights (if any), the terms and conditions of any share purchase plan or sinking fund and the restrictions (if any) respecting payment of dividends on any shares ranking junior to the Class A Preference Shares, the whole subject to the issue of supplementary letters patent.

DIVIDENDS—The Class A Preference Shares of each series will be entitled to preference over the Class B Shares and Common Shares and other shares ranking junior to the Class A Preference Shares for cumulative dividends at a rate not in excess of 10% per annum of the amount paid up thereon.

VOTING RIGHTS—The Class A Preference Shareholders are not to be entitled to attend any meeting of the shareholders of Glengair or to vote at any such meeting unless Glengair fails to pay in the aggregate eight quarterly dividends on the Class A Preference Shares of any series on the dates on which the same should be

paid and such dividends remain unpaid; thereafter, but only as long as any dividends on the Class A Preference Shares of any series remain in arrears, the holders of the Class A Preference Shares shall be entitled to attend all meetings of shareholders of Glengair and to one vote in respect of each Class A Preference Share held and in addition shall be entitled, voting separately and exclusively as a class, to elect one member of the board of directors of Glengair if the board consists of 9 or fewer directors or two members of the board of directors if the board consists of more than 9 directors.

RETURN OF CAPITAL—In the event of liquidation, dissolution or winding up of Glengair, the holders of the Class A Preference Shares will be entitled to receive the amount paid up on such shares, together with all dividends accrued thereon up to the date of distribution and such premium as may have been fixed at the time of the issue of any series, before any amount shall be paid or property or assets of Glengair distributed to the holders of the Class B Shares, Common Shares or shares of any other class ranking junior to the Class A Preference Shares and shall not be entitled to share in any further distribution of the property or assets of Glengair.

REDEMPTION AND PURCHASE FOR CANCELLATION—Glengair may purchase for cancellation all or any of the Class A Preference Shares of any series in the market or by invitation for tenders at the lowest price or prices at which in the opinion of the directors such shares are obtainable, but not exceeding the price at which, on the date of purchase, such shares are redeemable.

Glengair may upon giving 30 days' notice redeem at any time the whole or from time to time any part of the Class A Preference Shares outstanding on payment for each share to be redeemed of the amount paid up thereon, together with such premium as the directors may fix prior to the time of the issue of any series and together with all accrued and unpaid dividends to the date fixed for redemption.

PRE-EMPTIVE RIGHTS—The holders of Class A Preference Shares will have no pre-emptive rights.

CONVERSION RIGHTS—The directors of Glengair by a resolution passed before the issue of any Class A Preference Shares of any series shall fix, among other things, the conversion rights (if any).

LIABILITY FOR FURTHER CALLS—Class A Preference Shares which are issued as fully paid are not liable to further calls or assessment.

MODIFICATION OR AMENDMENT—The provisions attaching to the Class A Preference Shares may be deleted or varied if authorized by at least two-thirds of the votes cast at a meeting of the holders of Class A Preference Shares duly called for that purpose, in addition to the requirements for approval by shareholders in general.

CLASS B SHARES

DIVIDENDS—The holders of Class B Shares issued under the Offer are to be entitled to a cash dividend of 30¢ per share per annum payable quarterly on such dates as the board of directors shall determine. No dividend shall be declared or paid on the Common Shares or any shares ranking junior to the Class B Shares unless during the 13 calendar months preceding the month of such declaration or payment, as the case may be, dividends aggregating 30¢ per share have been paid or authorized for payment on the Class B Shares issued under the Offer.

VOTING RIGHTS—The holders of the Class B Shares are not to be entitled to attend or vote at any meeting of shareholders, but they are to be entitled to receive notice of meetings called for the purpose of the dissolution of Glengair or the sale of its undertaking or a substantial part thereof and to receive copies of financial statements of Glengair.

RETURN OF CAPITAL—In the event of liquidation, dissolution or winding up of Glengair, the holders of the Class B Shares are to be entitled to receive the amount paid up on such Class B Shares, together with all declared and unpaid preferential dividends, in priority to the Common Shares or any shares ranking junior to the Class B Shares but shall not be entitled to share in any further distribution of the property or assets of Glengair.

REDEMPTION AND PURCHASE FOR CANCELLATION—Glengair may at any time or from time to time after June 15, 1980 redeem or purchase for cancellation the whole or any part of the Class B Shares outstanding at, or at a price not exceeding, the amount paid up thereon, together with all declared and unpaid preferential dividends.

PRE-EMPTIVE RIGHTS—The holders of the Class B Shares are not to be entitled to any pre-emptive rights.

CONVERSION RIGHTS—The holders of fully paid Class B Shares will have the right at any time (up to the close of business on the third business day prior to the date fixed for redemption) to convert all or any part of such shares into fully paid Common Shares without par value of Glengair (as the same are constituted on the date of the supplementary letters patent creating the Class B Shares) on the basis of one Common Share for each Class B Share converted. There are to be provisions relating to subdivision, consolidation or reclassification of the Common Shares of Glengair and the holders of Class B Shares exercising the conversion right thereafter are to be entitled to the appropriate number of Common Shares arising by reason of such subdivision, consolidation or reclassification.

LIABILITY FOR FURTHER CALLS—Class B Preference Shares issued as fully paid are not to be subject to further calls or assessment.

MODIFICATION OR AMENDMENT—The provisions to attach to the Class B Shares may be deleted or varied if authorized by at least two-thirds of the votes cast at a meeting of the holders of Class B Shares duly called for that purpose, in addition to the requirements for approval by shareholders in general.

COMMON SHARES

Each Common Share of Glengair is entitled to one vote at all meetings of shareholders. All Common Shares rank equally in respect of dividend rights and upon the winding up or dissolution of Glengair. The holders of Common Shares do not have any pre-emptive rights and any Common Shares issued as fully paid are not subject to further calls or assessment.

DESCRIPTION OF SHARE PURCHASE WARRANTS OF GLENGAIR

The Warrants to be issued by Glengair under the Offer are to be designated as “B Warrants”, will entitle the registered holders thereof to purchase the number of Class B and Common Shares of Glengair therein referred to at a price of \$10 per unit of one and one-half ($1\frac{1}{2}$) Class B Shares and one (1) Common Share if exercised on or before March 1, 1973, at a price of \$12 per such unit if exercised after March 1, 1973 and on or before March 1, 1976, and at a price of \$14 per such unit if exercised after March 1, 1976 and on or before March 1, 1978. The B Warrants will be issued under and pursuant to a Share Purchase Warrant Indenture to be dated as of June 1, 1970 and to be made between Glengair and Canada Permanent Trust Company, as Trustee. The said indenture will include provisions, among others, for appropriate adjustment in the number of shares issuable pursuant to the B Warrants in certain events, including a subdivision or consolidation of the Class B or Common Shares in the capital of Glengair or the payment of a stock dividend on the said Class B or Common Shares in the capital of Glengair. Each B Warrant will provide that it may not be exercised by any person, firm or corporation who is a resident of the United States of America or of its territories or possessions and that the person, firm or corporation exercising such B Warrant must represent that he is not a resident of the United States of America or of its territories or possessions, that he is not acting directly or indirectly on behalf of any such resident and that, at the time of the exercise of such B Warrant, he has no intention of selling or distributing in the United States of America or its territories or possessions the shares subscribed for. Fractional shares will not be issuable upon the exercise of the B Warrants but in lieu thereof there will be issued scrip certificates which may be consolidated into full shares up to and including March 1, 1978.

PLAN OF ACQUISITION

Glengair has by an offer (herein called the "Offer") which appears on pages 4, 5 and 6 hereof offered to acquire from the holders thereof (a) outstanding Common Shares of Atlantic not owned by Glengair or a wholly-owned subsidiary of Glengair on the basis of one and one-half ($1\frac{1}{2}$) 6% Non-cumulative Convertible Non-voting Class B Preference Shares and one Common Share of Glengair for each Common Share of Atlantic and (b) outstanding Warrants to purchase Common Shares of Atlantic on the basis of a B Warrant to purchase one and one-half ($1\frac{1}{2}$) Class B Shares and one Common Share of Glengair for each Warrant to purchase one Common Share of Atlantic. Glengair and a wholly-owned subsidiary now own 1,268,075 Common Shares of Atlantic. Of the said 1,268,075 Common Shares, 1,250,000 Common Shares of Atlantic were purchased on April 21, 1970 pursuant to a letter agreement (hereinafter called the "purchase agreement") dated April 2, 1970 addressed to Trafalgar Investments Co. Limited (hereinafter called "Trafalgar") as amended and supplemented by a letter agreement dated April 20, 1970 addressed to Glengair by Trafalgar and agreed to by Mr. James A. Gairdner and Gairloch Investments Ltd. (hereinafter called "Gairloch"), a company wholly owned by Mr. James A. Gairdner, at the aggregate price of \$12,500,000 paid as to \$9,500,000 by certified cheques and as to \$3,000,000 by the delivery of Glengair's one year promissory note for that amount bearing interest at the rate of 7% per annum and secured as referred to under the heading "Interest of Management and Others in Material Transactions". 10% of the 1,250,000 Common Shares purchased as aforesaid were derived from the holdings of Mr. James A. Gairdner and Gairloch who together received 10% of the cash paid and promissory notes of Trafalgar aggregating \$300,000. The purchase agreement as supplemented provides that Trafalgar will accept the Offer with respect to the remaining Common Shares of Atlantic still owned by it and all the Warrants to purchase Common Shares of Atlantic held by Trafalgar. Mr. James A. Gairdner and Gairloch have agreed with Glengair to accept the Offer with respect to the remaining Common Shares of Atlantic owned by them. The purchase agreement as supplemented further provides that Trafalgar has the right at any time up to the close of business on June 30, 1970 by notice in writing to Glengair to require Glengair to sell the above mentioned 1,250,000 Common Shares to Trafalgar subject to the conditions, among others, that Trafalgar will not be entitled to give such notice unless Glengair has not made the Offer or unless under the Offer Trafalgar is not absolutely entitled on or before the 15th day of June, 1970 to exchange its remaining Common Shares of Atlantic for shares of Glengair on the basis set out above.

Prior to the sale referred to above Trafalgar, Toronto-Dominion Centre, Toronto, Ontario, owned 2,049,808 Common Shares of Atlantic and Warrants entitling the holders to purchase 14,000 Common Shares of Atlantic and Mr. James A. Gairdner and Gairloch owned between them 217,641 Common Shares of Atlantic of which 60,000 shares were issued to Mr. James A. Gairdner on April 21, 1966 at a price of \$9.33 $\frac{1}{3}$ per share, \$9.00 of which remained payable at the date of the purchase agreement but was paid on April 21, 1970. Mr. James A. Gairdner has released Atlantic from all claims under an agreement dated July 21, 1966 providing for his employment as a consultant. John Smith Gairdner and James Harland Gairdner, two of the directors of Glengair, are trustees of various trusts, in which they have no beneficial interest, for the benefit of their families and the families of their three sisters, which trusts are the beneficial owners of all the outstanding common shares of Trafalgar Investments Limited which through a wholly-owned subsidiary beneficially owns all of the outstanding shares of Trafalgar.

The Class B Shares and Common Shares of Glengair issued under the Offer will be deposited with and held by Canada Permanent Trust Company, as Depositary, pursuant to a Share Deposit Agreement to be made as of May 25, 1970 between Glengair and Canada Permanent Trust Company. Holders of Common Shares of Atlantic accepting the Offer will receive registered Unit Certificates representing one and one-half Class B Shares and one Common Share of Glengair for each Common Share of Atlantic in respect of which the Offer is accepted. The Class B Shares and Common Shares of Glengair issued under the Offer will only be transferable as Units of one and one-half Class B Shares and one Common Share, and not separately, until December 15, 1970 or until such earlier date as Glengair may designate on not less than 14 days' notice to the registered holders of the Units. The Share Deposit Agreement will provide that the Depositary will mail to each registered holder of a Unit Certificate of record at the close of business on December 14, 1970 or at the close of business on such earlier date as Glengair may designate on not less than 14 days' notice to the registered holders of Unit Certificates, certificates representing the number of Class B Shares and Common Shares

to which such registered holder is entitled except that if the holder of a Unit Certificate would otherwise receive one-half of one Class B Share such holder will not receive a certificate for such one-half of one Class B Share but such one-half of one Class B Share together with similar fractions to which other holders of Unit Certificates would similarly otherwise become entitled will be sold by Canada Permanent Trust Company in the market or privately and the rateable proportion of the net proceeds of the sale comprising the fraction to which such holder would otherwise be entitled will be forwarded to such holder. The Share Deposit Agreement will also provide that any dividends received by the Depositary on the Class B Shares and Common Shares held by it shall be paid forthwith by the Depositary to the registered holders of Unit Certificates of record on the record date established for the payment of any such dividends.

Any shares represented by certificates deposited pursuant to the Offer and any Warrants deposited pursuant to the Offer may be withdrawn by the depositor at any time until the expiration of seven (7) days from the date on which the Offer was mailed.

For services to be rendered in connection with forming a Soliciting Dealer Management Group and a Soliciting Dealer Group to solicit acceptances of the Offer by holders of Common Shares and Warrants to purchase Common Shares of Atlantic, Glengair will pay to Gairdner & Company Limited fees as more fully set out in paragraph 7 under the heading "Material Contracts".

Legal, auditing, printing and miscellaneous expenses relating to the plan of acquisition, estimated to be approximately \$110,000, are to be borne by Glengair.

HISTORY

In May, 1957 Mr. J. S. Gairdner caused Glengair Investments Limited to be incorporated under the laws of Canada. It remained substantially inactive until 1962 when it acquired a substantial interest in Bartaco Industries Limited, which interest was later disposed of. Control of Northern Tar, Chemical and Wood Limited was acquired by Glengair Investments Limited in 1964 and control of Canada Brick Company Limited was acquired by Glengair Investments Limited in 1965. Also in 1965 V.P.G.L. Holdings Limited was incorporated as a subsidiary of Glengair Investments Limited and it acquired a major interest in Venezuelan Power Company Limited, now Venpower Limited.

The Glengair Group Limited (formerly Consumer Credit Corporation Limited) was incorporated under the laws of the Province of Ontario in January, 1962. In February, 1966, when its debt and capital structure was reorganized, it acquired Glengair Investments Limited. Acquisitions subsequent to the reorganization in 1966 are included in the table following under the heading "Subsidiary Companies".

OBJECTIVES

The objectives of Glengair, either directly or through subsidiaries, are as follows:

- (a) Investment in growth securities (including securities which might in certain circumstances be considered speculative) without limitation as to type of industry, stage of development or geographical location.
- (b) Acquisition for cash of the business or shares of any company offering growth potential or improved operation through reorganization of its corporate setup, management functions or basic aims.
- (c) Acquisition in exchange for securities, including common shares, by offering participation in the growth of Glengair to owners of other companies which appear to be well managed and which are considered capable of contributing to the overall growth of Glengair.
- (d) Initiation and development of new subsidiary companies.
- (e) Any combination of the foregoing which will benefit both Glengair and its shareholders.

MANAGEMENT

Mr. J. H. Hawke, who has been associated with Glengair Investments Limited since its early stages,

was elected President of Glengair in 1969. He brings to Glengair twenty years' experience with Gairdner & Company Limited which he joined following graduation from the University of Toronto in 1949. He held increasingly responsible positions within this company and became President in 1965. He has played a major role in all transactions of Glengair. As Chief Executive Officer, he directs the operating and management team.

Mr. C. W. Leonardi, Vice-President and Treasurer, and a Director of Glengair has been associated with Trafalgar and Glengair for the past ten years. His management abilities add considerably to the strength and performance of Glengair.

Mr. D. G. Sinclair, formerly President of Rubbermaid (Canada) Limited, joined Glengair last September as Vice-President and General Manager—Operations. His background in marketing and manufacturing will now assist all member companies in development in these areas.

The future planning and forecasting of the member companies will be improved by the introduction of "Managing by Objectives", a management program that has been adopted by many companies in the last few years.

Glengair is a diversified industrial company with interests in forest products, building materials, electric power and equipment, cordage and business forms industries.

SUBSIDIARY COMPANIES

Name and Address of Subsidiary	President	Year of Acquisition	Percentage of Common Shares Owned by Glengair
Northern Tar, Chemical and Wood Limited, P.O. Box 990, Thunder Bay, Ontario.	D. G. Sinclair	1964	75.9
Canada Brick Company Limited, P.O. Box 668, Mississauga, Ontario.	E. Y. Carlson, P.Eng.	1965	100
Tancord Industries Ltd., P.O. Box 968, Brantford, Ontario.	Arthur M. James	1966	80.1
Allanson Manufacturing Corporation Limited, 33 Cranfield Road, Toronto 16, Ontario.	R. A. Crolly, C.A.	1968	100
Allanson Manufacturing Corporation, 435 Payne Avenue, North Tonawanda, New York.	R. A. Crolly, C.A.	1968	100
Redi-Set Business Forms Limited, 36 Scarsdale Road, Don Mills, Ontario.	Richard B. Prindiville	1969	100
Glentech Instruments Limited, P.O. Box 53, Toronto-Dominion Centre, Toronto, Ontario.	Emanuel Batler, B.Sc.	1969	100
St. Lawrence Brick Co. Limited, P.O. Box 758, La Prairie, Quebec.	Andre Goyer	1969	51
Venpower Limited, P.O. Box 53, Toronto-Dominion Centre, Toronto, Ontario.	C. W. Leonardi, C.A.	1969	50.3

DESCRIPTION OF OPERATIONS

NORTHERN TAR, CHEMICAL AND WOOD LIMITED

Northern Tar, Chemical and Wood Limited (which, together with its three wholly-owned subsidiaries, is hereinafter called "Nortar") is engaged in the production and preservative treatment of wood products, mainly utility poles, railway ties and various types of construction timber and it is directly engaged in the production of pipe enamel. Lumber and tar products are also produced in substantial quantities.

The main business was commenced in 1935. Nortar operates plants in Thunder Bay, Ontario, and Prince Albert, Saskatchewan. The main location at Thunder Bay includes a lumber mill, a planing mill, a mill for the production of railway ties, a tar distilling plant, a pipe enamel plant, and pressure and non-pressure timber treatment plants, substantially all of which are on leased land. The plant at Prince Albert is owned by Nortar and is a pressure treatment plant used in the production and preservative treatment of wood products.

Nortar is now in a position to pursue the lumber market, having just completed a new modern sawmill which is working most effectively.

A contract has been signed to sell to Domtar Limited the sawdust and shavings from the mill which not only increases income but eliminates a possible source of air pollution.

In 1964 a long-term supply agreement for part of Nortar's requirements was negotiated with the Ontario Department of Lands and Forests for suitable wood.

In 1969, both sales and net earnings were reduced because of the business interruption caused by a fire which destroyed the old sawmill and because of credit restrictions and rising interest and labour costs which affected the construction industry generally.

It is expected that earnings in 1970 will return to a more normal level.

CANADA BRICK COMPANY LIMITED AND CANADA BRICK COMPANY

Canada Brick Company ("Canada Brick"), a partnership consisting of Glengair and one of its subsidiaries, operates the largest brick plant in Canada under one roof. This plant is located in Mississauga, Ontario and is owned by Canada Brick Company Limited, a wholly-owned subsidiary of Glengair.

The plant was constructed in 1955 and with a plant addition built in 1966 has the capacity to produce in the area of ninety million bricks per year.

Canada Brick Company manufactures three basic types of brick—red, buff and blends—which are produced in a total of about 150 varieties, depending upon variations in the manufacturing process.

In 1967, Canada Brick, as part of its continuous programme of improving its products and operations, introduced a new type of "through-the-wall" brick designed to replace the standard 8" brick-and-block method of construction. This product gained a wide degree of acceptance in 1968 and has contributed significantly to increased sales.

Most of the production is sold throughout Ontario and Quebec, with additional sales being made in other parts of Canada and the United States.

Sales are made to both building contractors and building supply dealers.

The manufacturing and merchandising skills of the personnel of this company have enabled them to become the leaders in their field in Canada.

This company also represents companies outside of Ontario for types of brick not manufactured by Canada Brick.

The year 1969 was a record year for this company and in 1970, although definitely affected by the unsettled situation in the construction industry, it should enjoy very satisfactory results.

TANCORD INDUSTRIES LTD.

Tancord Industries Ltd. ("Tancord") is the largest manufacturer in Canada of ropes and twines. Its operations are conducted from a plant owned by it in Brantford, Ontario.

Its principal products are cordage for use in agricultural applications, as well as ropes and twines suitable for a variety of other purposes. As well as products from natural fibres, Tancord also manufactures a broad range of synthetic ropes and twines.

In recent years, the harvest twine industry in Canada has suffered from a steady influx of low-priced imported twines. This, together with rather wide fluctuations in world prices of hemp and sisal fibres, has proven detrimental to Tancord's earnings. Consequently, management is taking all possible steps to reduce the degree of Tancord's dependence on harvest twines.

In accordance with this policy, Tancord has commenced the introduction of new synthetic products. Late in 1968, Tancord commenced the production of sacks, similar in use to burlap sacks, from woven polyolefin cloth. Other new products are under development.

In September 1968 a wholly-owned subsidiary was established in Lockport, New York and is engaged in a leased plant in the cutting of fibres for use in plastic premix material.

ALLANSON MANUFACTURING CORPORATION LIMITED

This company ("Allanson") was founded in 1928 and is engaged in the manufacturing of ballasts and transformers in a plant leased by it in Metropolitan Toronto.

Allanson is the principal supplier of oil burner ignition transformers and neon lighting ballasts in Canada.

Other types of products include ballasts for fluorescent, mercury and sodium lighting and a full line of industrial and domestic battery chargers.

Although export sales are not large, Allanson does have representatives in twenty-six countries throughout the world.

Research and development are being carried out constantly with a look to the future not only in the electrical field but in the fields of pollution and water purification.

ALLANSON MANUFACTURING CORPORATION

This company was founded in 1962 and has been engaged in the assembly and manufacturing of some of the products produced in Canada by Allanson. The operation was commenced in order to have a foothold in the United States to obtain a better share of the United States market and is carried on from a plant owned by this company in North Tonawanda, New York.

REDI-SET BUSINESS FORMS LIMITED

In January, 1969, Glengair acquired 100% ownership of Redi-Set Business Forms Limited ("Redi-Set"). Redi-Set manufactures continuous and snap-out business forms. These business forms are produced in a wide range of sizes and are suitable for use in almost any type of business. They are specifically designed to customers' individual requirements.

Continuous forms account for the major portion of Redi-Set's production and, with the increasing use of data processing installations by business generally, the strong upward trend of sales is expected to continue. Redi-Set's annual sales have more than doubled since 1963.

In 1969 Redi-Set completed a 17,000 square foot addition to the plant owned by it in Metropolitan Toronto and also purchased a new automatic press that was installed in 1969. This new press provides sufficient capacity to allow Redi-Set to nearly double its present production in certain product lines. Redi-Set maintains sales forces in both Ontario and Quebec.

GLENTech INSTRUMENTS LIMITED

Glengair caused Glentech Instruments Limited ("Glentech") to be formed in May, 1969. Briefly,

Glentech was formed to establish, acquire or invest in companies manufacturing and/or selling high-technology products. Glentech may also, but does not as yet, participate directly in the commercial exploitation of new scientific developments.

Since its formation, Glentech has investigated many business and investment opportunities of a technological nature. As a result, Glentech in 1969 purchased at a price of \$2 (U.S.) per share 108,750 of the common shares of a new United States company called Digital Telephone Systems, Inc. which investment amounted to 26% of that company's outstanding shares.

In April, 1970, Digital Telephone Systems, Inc. agreed to issue to a U.S. corporation in the same industry a further 150,000 common shares at a price of \$8.33 (U.S.) per share. This will have the effect of reducing Glentech's proportionate interest.

Since December 31, 1969, Glentech has invested approximately \$100,000 in common shares and a convertible note of Applicon Computer Systems Ltd. ("Applicon"), a company located in Ottawa, Ontario. Glentech also received on such purchase an option to purchase further common shares of Applicon. Applicon has just commenced the production of a line-printer for computers, which has been designed as a low-cost high-speed printer for "mini-computers".

ST. LAWRENCE BRICK CO. LIMITED

In 1969, control of St. Lawrence Brick Co. Limited, LaPrairie, Quebec, was acquired by Glengair.

A new kiln is in the process of being constructed on property owned by it at LaPrairie and should be in production as of July 1, 1970.

With the addition of this new kiln, the production capacity will be forty-five million bricks per annum. This will enable St. Lawrence Brick Co. Limited to obtain a greater share of the Quebec market.

VENPOWER LIMITED

Venpower Limited ("Venpower") is a holding company which, through two wholly-owned subsidiaries, produces electric power from generating facilities owned by it and distributes such power in the Anaco area of eastern Venezuela. After several years of difficult operating conditions during which losses were sustained, Venpower's net earnings amounted to \$120,365 and \$213,309 in the fiscal years ended June 30, 1968 and 1969 respectively. Earnings for the current fiscal year are expected to show a substantial improvement.

INVESTMENT PORTFOLIO

Glengair's investment portfolio of marketable securities as at December 31, 1969, a detailed statement of which appears on page 42 of this circular, gives Glengair a participation in such varied growth and opportunity businesses as mutual fund sales and management, home construction, natural resource development, manufacture of moulds and other components for the automotive industry and sophisticated electric equipment.

During the four years ended December 31, 1969, the net gain realized on investments disposed of has amounted to \$2,201,459.

As at December 31, 1969 Glengair's investment portfolio was composed of:

	<u>Cost</u>	<u>Market</u>
Securities listed on recognized Canadian and American stock exchanges	\$4,307,226	\$6,345,293
Debentures	<u>1,625,000</u>	<u>1,625,000</u>
	<u>\$5,932,226</u>	<u>\$7,970,293</u>

In addition to the investment portfolio of marketable securities above referred to, Glengair has investments in the following companies, valued at cost:

St. Lawrence Brick Co. Limited		
Shares	\$377,524	
Debenture—9¼% due 1990	<u>375,000</u>	\$ 752,524
Orangerooft Canada Ltd.—shares		2,306,630
Digital Telephone Systems, Inc.—shares*		<u>235,559</u>
		<u>\$3,294,713</u>

*Held by Glentech Instruments Limited.

Comments regarding St. Lawrence Brick Co. Limited and Digital Telephone Systems, Inc. have been made earlier in this circular.

Orangerooft Canada Ltd. ("Orangerooft") is a company engaged in the development, operation and sub-licensing of Howard Johnson Motor Lodges and Restaurants throughout Canada pursuant to a long-term Master License granted to it by Howard Johnson Company of the United States. Long-term junior financing and a public offering of shares have been arranged by Orangerooft in the combined amount of approximately \$5,000,000 which together with the investment by Glengair provides the capital base for the construction of nine motor lodges and approximately 21 restaurants over the next three years. Following this offering and excluding any conversion rights under the long-term junior financing the percentage of Orangerooft owned by Glengair will be approximately 36%.

COMPARATIVE KEY DATA
The Glengair Group Limited (from 1966)
and its subsidiary
Glengair Investments Limited (from 1961)

	Shareholders' Equity	Consolidated Net Earnings	Working Capital	Gross Assets
1961.....	\$ (247)	\$ (131)	\$ (31,416)	\$ 31,967
1962.....	433,989	(8,370)	(125,111)	117,050
1963.....	271,447	6,082	(40,106)	156,651
1964.....	1,182,189	184,230	1,889,845	6,872,554
1965.....	5,877,145	405,525	3,536,788	16,664,127
1966.....	7,824,343	389,266	2,342,348	28,314,855
1967.....	13,005,338	1,031,420	3,730,248	31,773,360
1968.....	17,899,633	1,421,454	2,393,958	40,626,506
1969.....	17,233,745	1,881,129	6,455,453	47,739,930
1969 Pro Forma.....	65,442,389	6,033,914	18,985,616	153,755,504

The 1969 Pro Forma figures have been prepared from the consolidation of the audited financial statements of Atlantic and Glengair as though Atlantic was a wholly-owned subsidiary at December 31, 1969. In the case of the consolidated net earnings, it has been assumed that Atlantic was a wholly-owned subsidiary for the 12 months of 1969, but there has been taken into account twelve months' interest on funds borrowed and obligations issued by Glengair in connection with the purchase of 1,250,000 Common Shares of Atlantic. It has also been assumed that all Atlantic Common Shares have been exchanged under the Offer.

MATERIAL CHANGE IN ATLANTIC

Glengair does not know of any information that indicates any material change in the financial position or prospects of Atlantic since December 31, 1969.

MATERIAL CHANGE IN GLENGAIR

Glengair does not know of any information that indicates any material change in the financial position or prospects of Glengair since December 31, 1969 except as referred to elsewhere in this circular.

DIVIDENDS

Glengair has not paid any dividends on its outstanding shares during the immediately preceding five years.

Atlantic has declared a dividend on its outstanding Common Shares of 10¢ per Common Share to shareholders of record on June 18, 1970, payable on July 2, 1970.

The directors of Glengair propose to pay quarterly dividends on the Class B Shares of Glengair commencing with a quarterly dividend of 7½¢ per Class B Share to holders of Class B Shares of record on June 18, 1970, payable on July 15, 1970.

MARKET PRICE RANGE AND VOLUME OF TRADING OF COMMON SHARES AND WARRANTS OF ATLANTIC AND COMMON SHARES OF GLENGAIR

The following is a summary showing the market price in dollars per share and the volume of trading of the Common Shares and Warrants of Atlantic and of the Common Shares of Glengair on, in the case of Atlantic, the Toronto Stock Exchange and the Montreal Stock Exchange and, in the case of Glengair, the Montreal Stock Exchange for the six month period preceding the date of the Offer:

ATLANTIC COMMON SHARES AND WARRANTS

<u>Month</u>	<u>Common Shares</u>			<u>Warrants</u>		
	<u>Volume</u>	<u>Low</u>	<u>High</u>	<u>Volume</u>	<u>Low</u>	<u>High</u>
1969 October	66,760	\$6.00	\$7.00	15,400	\$1.90	\$2.40
November	101,515	6⅝	7½	23,400	2.20	2.45
December	132,685	6⅝	8¼	35,500	2.10	2.90
1970 January	161,740	7¾	8½	65,200	2.65	3.10
February	141,515	7¾	8¾	53,200	2.70	3.45
March	65,260	8	8½	22,000	2.50	3.00
April 1-15	211,459	7¾	9½	76,955	2.00	3.30

GLENGAIR COMMON SHARES

<u>Month</u>	<u>Volume</u>	<u>Low</u>	<u>High</u>
1969 October	90,978	\$4.35	\$4.85
November	38,412	4.40	5.50
December	30,761	4.15	4.50
1970 January	61,260	4.15	4.85
February	201,217	4.10	4.60
March	50,129	4.15	4.40
April 1-15	91,630	4.15	5.12

SHARE AND LOAN CAPITAL STRUCTURE

GLENDAIR	Authorized	Outstanding as at Dec. 31, 1969	Outstanding as at Mar. 31, 1970	To be outstanding if all Class B Shares and Common Shares are taken up under Offer
DEBT				
Sinking Fund Debentures (unsecured)				
Series A 6¾% due Dec. 15, 1985	\$2,362,580	\$2,062,580	\$2,062,580	\$2,062,580
Series B 6½% due June 30, 1976	2,000,000	1,800,000	1,800,000	1,800,000
Demand bank loans (secured)	—	9,050,000	9,050,000	18,550,000
Due to broker (secured)	—	165,185	169,397	169,397
Note payable in respect of acquisition of shares of Atlantic Sugar Refineries Co. Limited (secured)	3,000,000	—	—	3,000,000
CAPITAL STOCK (Notes 1, 2 and 3)				
Class A Preference Shares with a par value of \$25 each, issuable in series	1,000,000 shs. (\$25,000,000)	—	—	—
6% Non-cumulative Convertible Non-voting Class B Preference Shares with a par value of \$5 each	15,000,000 shs. (\$75,000,000)	—	—	6,287,887 shs. (\$31,439,435)
Common Shares without par value	20,000,000 shs.	9,367,306shs. (\$11,888,323)	9,388,506shs. (\$11,925,423)	13,580,431shs. (\$28,693,123)
SUBSIDIARY COMPANIES				
NORTHERN TAR, CHEMICAL AND WOOD LIMITED				
7.8% secured debenture of Northern Wood Preservers, Limited due \$110,000 annually Dec. 15, 1970 to 1978 inclusive and \$100,000 annually Dec. 15, 1979 to 1983 inclusive . .	\$1,600,000	\$1,490,000	\$1,490,000	\$1,490,000
CANADA BRICK COMPANY LIMITED				
First mortgage sinking fund bonds 6¾% due Jan. 4, 1986	2,000,000	1,600,000	1,600,000	1,600,000
TANCORD INDUSTRIES LTD.				
Secured debenture 6¾% due \$100,000 annually July 31, 1970 to 1981	1,500,000	1,200,000	1,200,000	1,200,000
MISCELLANEOUS MORTGAGES AND FLOATING CHARGE DEBENTURES	—	206,172	206,172	206,172
SUNDRY BANK ADVANCES, SECURED	—	4,264,948	5,003,945	5,003,945
SUNDRY DUE TO BROKER	—	665,910	613,565	613,565
MINORITY INTEREST IN SUBSIDIARY COMPANIES				
Preference Shares—par value	—	1,177,485	1,177,485	1,177,485
Common and deferred shareholders' equity in capital stock and surplus	—	2,475,054	2,475,054	2,475,054

NOTES

1. CAPITAL STOCK

After giving effect to the issue of the supplementary letters patent referred to under the heading "The Company" increasing the authorized capital of Glengair so that the authorized capital of Glengair upon the issue of such supplementary letters patent will consist of 1,000,000 Class A Preference Shares with a par value of \$25 each, issuable in series, 15,000,000 6% Non-cumulative Convertible Non-voting Class B Shares with a par value of \$5 each and 20,000,000 Common Shares.

2. OPTIONS

The following options are outstanding:

An option on 45,000 Common Shares at \$1.50 per share (at a maximum rate of 7,500 shares per year) to an officer of a subsidiary company to expire not later than February 28, 1975.

Options on 65,000 Common Shares at \$5.375 per share (at a maximum rate of 13,000 shares per year) to an officer of Glengair and to an employee of a subsidiary company to expire not later than August 31, 1974.

3. SHARE PURCHASE WARRANTS

There are share purchase warrants outstanding entitling the holders thereof to purchase an aggregate of 704,850 Common Shares of Glengair at the following prices:

- \$1.75 per share if exercised on or before June 30, 1970; thereafter
- \$2.25 per share if exercised on or before June 30, 1972; thereafter
- \$3.00 per share if exercised on or before June 30, 1974; and thereafter
- \$4.00 per share if exercised on or before June 30, 1976; void thereafter.

Glengair proposes to create and issue the Warrants to be issued under the Offer.

4. SECURITY FOR DEBT

The assets of Northern Wood Preservers Limited and its subsidiaries, the assets of Canada Brick Company Limited and the assets of Tancord Industries Ltd. are subject to mortgages and charges to secure their respective obligations noted above.

SHARE WARRANTS AND OPTIONS

Glengair issued in 1966 Share Purchase Warrants entitling the bearers to purchase at any time after the issuance of such warrants 800,000 fully paid Common Shares without par value in the capital of Glengair (as presently constituted) up to and including June 30, 1976 at the following prices:

- \$1.75 per share if exercised on or before June 30, 1970; thereafter
- \$2.25 per share if exercised on or before June 30, 1972; thereafter
- \$3.00 per share if exercised on or before June 30, 1974; and thereafter
- \$4.00 per share if exercised on or before June 30, 1976.

Since the issuance of such Warrants, Warrants in respect of 95,150 Common Shares have been exercised. The Share Purchase Warrants were issued under and pursuant to an indenture (herein called the "Warrant Indenture") made as of June 1, 1966 and entered into between Glengair and Canada Permanent Trust Company, as trustee. The Warrant Indenture includes provisions, among other things, for an appropriate adjustment in the class and number of shares issuable pursuant to the said warrants in certain events including a subdivision or consolidation of the Common Shares without par value in the capital of Glengair (as presently constituted), a reclassification of shares of Glengair and the payment of certain stock dividends.

The Warrant Indenture was amended by an undertaking addressed to Canada Permanent Trust Company dated October 29, 1969 under which Glengair undertook that in the event of consolidation, amalgamation or merger with any other company or corporation by the selling or leasing of substantially the whole of the assets of Glengair to any other company or corporation, Glengair would cause the holders of such Warrants which had not been exercised prior to the completion of such consolidation, amalgamation, merger or sale to receive thereafter on the exercise of such Warrants in accordance with their terms and in lieu of the shares in respect of which the right of purchase is then being exercised such shares, property or assets as such holders would have been entitled to receive if the right of purchase in respect of such Warrants had been exercised before such consolidation, amalgamation, merger or sale.

Glengair granted to Douglas Grant Sinclair by an option dated August 29, 1969 an irrevocable option to purchase from time to time not later than August 31, 1974, 50,000 Common Shares at the price of \$5.375 per share. Glengair granted to Ellis S. Leiter by an option agreement dated July 22, 1969 an irrevocable option to purchase from time to time not later than July 31, 1974, 15,000 Common Shares of Glengair at the price of \$5.375 per share. Glengair granted to Arthur M. James by an option agreement dated March 10, 1967 an irrevocable option to purchase from time to time not later than February 28, 1975, 60,000 Common Shares of Glengair at the price of \$1.50 per share. Each such option agreement provides in effect, among other things, that the maximum number of shares in respect of which the option may be exercised shall not exceed on a cumulative basis in the cases of Messrs. Sinclair and Leiter one-fifth and in the case of Mr. James one-

eighth of the shares in respect of which the option is granted for each year or part year during which the option is in force, that the option is exercisable on giving the prescribed notice and payment of the subscription price of the Common Shares in respect of which the option is exercised, that in the event of the death of the optionee while employed by Glengair or a subsidiary of Glengair the legal personal representatives have certain limited rights to exercise the option, that in the event of the optionee ceasing to be employed by Glengair or a subsidiary of Glengair (otherwise than upon death) the option is forthwith terminated and that, in the event of subdivision, redivision or change of the Common Shares, the number of Common Shares in respect of which the option may be exercised is to be adjusted accordingly.

ESCROWED SHARES

No securities of Glengair are held in escrow and none of the Class B Shares and Common Shares to be issued pursuant to the Offer are to be held in escrow.

PRIOR SALES

During the year 1969 200,000 Common Shares of Glengair were issued in connection with the acquisition of shares of Redi-Set Holdings Limited and Redi-Set Services (Toronto) Limited and the consideration fixed for such issuance was \$600,000 in the aggregate. During the said year 1,042,364 Common Shares of Glengair were issued in connection with the acquisition of Allanson Manufacturing Corporation Limited and Allanson Manufacturing Corporation at the aggregate consideration of \$2,866,501. During the said year Mr. Arthur M. James exercised the option above referred to granted to him and took up 15,000 Common Shares of Glengair at \$1.50 per share, leaving 45,000 Common Shares subject to such option. During the said year Mr. L. J. Rubin exercised an option to take up 12,565 Common Shares of Glengair at \$.3979 per share. During the said year 1969 J. S. G. Holdings Limited, a company all the outstanding shares of which are held for the benefit of the family of Mr. J. S. Gairdner, exercised an option dated December 11, 1964 and took up 150,000 Common Shares of Glengair at the price of \$2.00 per share. During the year 1969 the holders of Share Purchase Warrants exercised warrants entitling them to purchase and took up in the aggregate 73,550 Common Shares of Glengair at the price of \$1.75 per share. During the period subsequent to December 31, 1969 and up to March 31, 1970, the holders of Share Purchase Warrants exercised warrants entitling them to purchase and took up in the aggregate 21,200 Common Shares of Glengair at \$1.75 per share.

In the event that all the holders of Common Shares of Atlantic accept the Offer of Glengair to purchase Common Shares of Atlantic, Glengair will issue in the aggregate 6,287,887 Class B Shares and 4,191,925 Common Shares of Glengair.

In the event that the holders of all the Warrants to purchase Common Shares of Atlantic accept the aforesaid offer, Glengair will issue B Warrants to purchase Class B Shares and Common Shares aggregating the right to take up 675,000 Class B Shares and 450,000 Common Shares of Glengair.

OFFICERS AND DIRECTORS

The names and home addresses in full of the directors and officers of Glengair and the positions and offices held by each and their principal occupations within the five preceding years are as follows:

<u>Name and Home Address</u>	<u>Office</u>	<u>Principal Occupation for last five years</u>
JOHN SMITH GAIRDNER, 1502 Lakeshore Road East, Oakville, Ontario.	Chairman of the Board and Director	Chairman of the Board or President, The Glengair Group Limited, an oper- ating and investment company, Chairman of the Board or President, Gairdner & Company Limited, invest- ment dealers, until recently Chairman of the Board, Atlantic Sugar Refineries Co. Limited, a sugar refining company.
JAMES HARLAND GAIRDNER, 7901 Yonge Street, Thornhill, Ontario.	Director	President, Trafalgar Investments Co. Limited, an investment and holding company.
JOHN HOWARD HAWKE, 34 Whitney Avenue, Toronto, Ontario.	President and Director	President, The Glengair Group Limited, an operating and investment company, President or Vice-President, Gairdner & Company Limited, invest- ment dealers.
PETER HEDGEWICK, 3691 Victoria Boulevard Windsor, Ontario.	Director	President, I.T.L. Industries Limited, a manufacturing company, and Vice- President, Hedgewick Enterprises Limited, an investment and operating company.
LAWRENCE CLEMENT EDWARD LAWRENCE, 500 Avenue Road, Apt. 1103, Toronto, Ontario.	Director	Executive, a Canadian Chartered Bank.
CLARENCE WILLIAM JOSEPH LEONARDI, C.A., 288 Dalewood Drive, Oakville, Ontario.	Vice-President, Treasurer and Director	Vice-President and Treasurer, The Glengair Group Limited; prior thereto Treasurer of Glengair Investments Limited, a subsidiary of The Glengair Group Limited and prior thereto Treasurer of Trafalgar Investments Co. Limited, an investment and hold- ing company.
JOHN ALBERT MULLIN, Q.C., 43 Glenallan Road, Toronto, Ontario.	Director	Partner, Fraser & Beatty, Toronto, Solicitors.
DOUGLAS GRANT SINCLAIR, 100 St. Leonards Avenue, Toronto, Ontario.	Vice-President and General Manager— Operations	Since September, 1969, Vice-President and General Manager—Operations, The Glengair Group Limited, an oper- ating and investment company; prior thereto President, Rubbermaid (Canada) Limited, a manufacturing company.

CYRL HOLLY HOLLINGSHEAD, Q.C.,
79 Rykert Crescent,
Toronto, Ontario.

Secretary

Partner, Fraser & Beatty, Toronto,
Solicitors.

GEORGE LEO PLODER, C.A.,
1564 Lochlin Trail,
Port Credit, Ontario.

Assistant Treasurer

Assistant Treasurer, The Glengair
Group Limited for 3 years; prior there-
to associated with Thorne, Gunn,
Helliwell & Christenson, Chartered
Accountants.

A resolution has been passed by the directors of Glengair, among other things, increasing the number of directors from 7 to 9. If this resolution is confirmed at the annual and general meeting of the shareholders to be held on May 20, 1970, it is proposed to elect Douglas Grant Sinclair above referred to and William John Ross Paton directors of Glengair to fill the vacancies created by such increase. William John Ross Paton, 27 Claremont Avenue, Pointe Claire, Quebec, has been for more than 5 years the President and General Manager of Atlantic Sugar Refineries Co. Limited, a sugar refining company.

REMUNERATION OF MANAGEMENT

During the fiscal year ended December 31, 1969 the aggregate direct remuneration paid or payable by Glengair and its subsidiaries whose financial statements are consolidated with those of Glengair to all directors and senior officers of Glengair (including senior executives of its operating division who were senior officers of Glengair as defined in The Securities Act, 1966 (Ontario)) as a group was \$313,984 and the estimated aggregate cost to Glengair and its said subsidiaries in the year ended December 31, 1969 of all pension benefits proposed to be paid to senior officers of Glengair as a group under Glengair's normal pension plan in the event of retirement at normal retirement age was nil. It is estimated that for the current fiscal year the aggregate direct remuneration payable to the directors and senior officers of Glengair by Glengair and its subsidiaries will be approximately \$190,000 and no amounts will be paid under Glengair's normal pension plan.

PRINCIPAL HOLDERS OF SECURITIES

Ivy Jane Gairdner, James Harland Gairdner and Norma Jane Cantelon, trustees of a trust created for the benefit of the family of John Smith Gairdner, own as such trustees beneficially for the trust directly 3,720,359 and indirectly 150,000 Common Shares of Glengair which represent in the aggregate approximately 41% of the outstanding Common Shares of Glengair. A Canadian Chartered Bank owns beneficially 1,000,000 Common Shares of Glengair, which represent approximately 10.6% of the outstanding Common Shares of Glengair. Norma Jane Cantelon, John Smith Gairdner and James R. Gairdner, trustees of a trust created for the benefit of the family of James Harland Gairdner, own as such trustees beneficially for the trust indirectly 520,573 Common Shares of Glengair.

The directors and senior officers of the Company, as a group (excluding the 3,720,359 and 150,000 Common Shares referred to in the immediately preceding paragraph and the 520,573 Common Shares referred to in such paragraph), own directly or indirectly 855,044 Common Shares of Glengair, being 9.1% of the outstanding Common Shares.

Mr. J. S. Gairdner owns, directly or indirectly, 11,851 equity shares of Northern Tar, Chemical and Wood Limited (2.8% of such equity shares) and Mr. C. W. Leonardi owns, directly or indirectly, 25 equity shares of V.P.G.L. Holdings Limited (5% of such equity shares).

No equity shares of Atlantic are beneficially owned, directly or indirectly, by Glengair, by an associate of Glengair, by any director or senior officer of Glengair or their associates or by any known company who beneficially owns, directly or indirectly, equity shares of Glengair carrying more than 10% of the voting rights attached to all equity shares of Glengair now outstanding except as shown under the heading "Plan of Acquisition" and in Schedule C hereto. None of the equity shares of Atlantic have been traded during the six-month period preceding the date of the Offer by any of the persons or companies referred to in the preceding sentence except as shown under the heading "Plan of Acquisition" and in Schedule C hereto.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Pursuant to a letter agreement dated April 2, 1970, addressed by Glengair to Trafalgar, as supplemented by a letter agreement dated April 20, 1970, addressed to Glengair by Trafalgar and agreed to by Mr. James A. Gairdner and Gairloch Investments Ltd., Glengair purchased on April 21, 1970 from Trafalgar Investments Co. Limited 1,250,000 Common Shares of Atlantic (125,000 of such shares being derived from the holdings of Mr. James A. Gairdner and Gairloch Investments Ltd.) at the aggregate price of \$12,500,000 satisfied as referred to under the heading "Plan of Acquisition" to which reference is made. The promissory note for \$3,000,000 referred to under such heading is collaterally secured by mortgages or charges given by Glengair and Glengair Investments Limited on securities held by them, but subject to prior hypothecations to Glengair's banker to secure bank loans owing by Glengair and Glengair Investments Limited to such bank. Messrs. John Smith Gairdner and James Harland Gairdner, two of the directors of Glengair, are trustees of various trusts, in which they have no beneficial interest, for the benefit of their families and the families of their three sisters, which trusts are the beneficial owners of all the outstanding common shares of Tragair Investments Limited, which through a wholly owned subsidiary beneficially owns all of the outstanding shares of Trafalgar Investments Co. Limited.

Messrs. J. S. Gairdner and J. H. Hawke are officers, directors and shareholders of Gairdner & Company Limited which has been appointed fiscal agent of Glengair in connection with the Offer to holders of Common Shares and Warrants to purchase Common Shares of Atlantic. For particulars of the agreement see item 7 under the heading "Material Contracts".

Gairdner & Company Limited owns 2,282 Common Shares of Atlantic. Mr. J. S. Gairdner owns 18 Common Shares of Atlantic. Mr. Peter Hedgewick owns 1,000 Common Shares of Atlantic and Hedgewick Enterprises Limited, a company all the outstanding shares of which are owned by Mr. Hedgewick and his family, owns 7,500 Common Shares of Atlantic and Warrants to purchase 1,000 Common Shares of Atlantic.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, the only material contracts entered into by Glengair and its subsidiaries within two years preceding the date hereof are as follows:

1. An agreement dated January 20, 1969 between R. B. Prindiville, K. J. Liphardt and W. J. Stringer and Margaret E. Liphardt, trustees ("Vendors") and Glengair providing for the purchase by Glengair from the Vendors of all the outstanding 6% Non-cumulative Redeemable Preference Shares with a par value of \$1 each and Common Shares of Redi-Set Holdings Limited and 47,100 6% non-cumulative redeemable non-voting Class B Preference Shares with a par value of \$10 each of Redi-Set Services (Toronto) Limited which owned all the outstanding shares of Redi-Set Business Forms Limited (the operating company) for \$2,500,000 and 200,000 Common Shares of Glengair.
2. A letter agreement dated December 23, 1968 addressed to G. Ray Jameson, Roy A. Crolly, Joe Smith, John McCoach and Arthur R. J. Leary ("Vendors") by Glengair providing for the purchase by Glengair from the Vendors of all the outstanding shares of Allanson Manufacturing Corporation Limited and Allanson Manufacturing Corporation owned by the Vendors at an aggregate price of \$3,444,001 satisfied by the delivery by Glengair of certified cheques aggregating \$902,484 and promissory notes aggregating \$2,541,517 payable on February 19, 1969 and providing for the payment of the said notes by the allotment and issue of 924,188 Common Shares of Glengair as fully paid, which notes were satisfied by the allotment and issue of the said 924,188 Common Shares.
3. A letter agreement dated December 23, 1968 addressed to Kent A. Stockton ("Stockton") by Glengair providing for the purchase by Glengair from Stockton of 950 common shares of Allanson Manufacturing Corporation Limited and 1,000 6% cumulative preference shares and 100 common shares of Allanson Manufacturing Corporation at the aggregate price of \$382,972 to be satisfied by Glengair delivering its certified cheque for \$57,988 and the allotment and issue to Stockton of 118,176 Common Shares of Glengair as fully paid.
4. A letter agreement dated December 23, 1968 addressed to Merritt R. Billings ("Billings") by Glengair providing for the purchase by Glengair from Billings of 10,000 6% cumulative preference shares and 100 common shares of Allanson Manufacturing Corporation at the aggregate price of \$34,800 paid by a certified cheque for such amount.
5. An agreement dated June 3, 1969 between Andre Goyer and Denis Allard ("Vendors") and Glengair providing for the purchase by Glengair from each of the Vendors of 4,377 common shares and 19,928 preferred shares of St. Lawrence Brick Co. Limited at the aggregate price of \$375,000, and providing for the loan to St. Lawrence Brick Co. Limited by Glengair of \$375,000 as long term debt, a condition of such agreement

being that St. Lawrence Brick Co. Limited shall have entered into an agreement with Quebec Deposit and Investment Fund with respect to a loan from such Fund, which loan is expected to be in the amount of \$1,625,000 and will be secured by a charge on the assets of St. Lawrence Brick Co. Limited in priority to the loan from Glengair. An agreement dated July 4, 1969 in the form of a letter agreement between Quebec Deposit and Investment Fund and St. Lawrence Brick Co. Limited provides, among other things, that Glengair, Andre Goyer, Denis Allard and Quebec Deposit and Investment Fund are to enter into an agreement providing for the election of directors and for giving other shareholders a first right of refusal in the event that a shareholder desires to sell his shares.

6. An agreement dated March 3, 1969 between Emanuel Batler and Glengair providing for the formation of Glentech Instruments Limited and the employment of Emanuel Batler by such company. Mr. Batler owns 200,000 Convertible Deferred Shares of Glentech Instruments Limited.

7. A letter agreement dated April 24, 1970 addressed to Gairdner & Company Limited by Glengair whereby Glengair appointed Gairdner & Company Limited as its fiscal agent in connection with the Offer to holders of Common Shares and Warrants to purchase Common Shares of Atlantic to form a Soliciting Dealer Management Group and a Soliciting Dealer Group to procure acceptances of such Offer and whereby Glengair has agreed to pay Gairdner & Company Limited 15¢ per share in respect of each Common Share of Atlantic deposited and acquired by Glengair pursuant to the Offer and 4¢ per share for each share represented by each Warrant to purchase Common Shares of Atlantic deposited and acquired by Glengair pursuant to the Offer, excepting Common Shares and Warrants acquired or to be acquired from Trafalgar, Mr. James A. Gairdner or Gairloch Investments Ltd.

8. Momiji Limited and Glengair have entered into an agreement dated June 23, 1969 under which such companies are to so act and vote that the board of directors of Orangerooft Canada Ltd. shall consist of nine members of whom five are to be nominees of Momiji Limited, three are to be nominees of Glengair and the remaining member is to be a nominee of Howard Johnson Company if it so elects and otherwise is to be a person selected as provided in the agreement and so that the authorized capital of Orangerooft Canada Ltd. is not to be changed except with the consent of Momiji Limited and of Glengair. Under this agreement any shares in the capital of Orangerooft Canada Ltd. which either Momiji Limited or Glengair desires to sell must first be offered to the other. Momiji Limited and Glengair have, notwithstanding the provisions of this agreement, agreed upon the present constitution of the board of directors of Orangerooft Canada Ltd.

9. Under an option agreement dated October 28, 1969 between Momiji Limited, Glengair and Howard Johnson Company, Momiji Limited and Glengair granted Howard Johnson Company an option to purchase 375,000 Class A Common Shares in the capital of Orangerooft Canada Ltd. (of which 275,000 shares are the property of Momiji Limited and 100,000 shares are the property of Glengair). Such option to purchase may only be exercised in certain events, including the expiry of the term of the Master Licence without such term being renewed, the termination of the Master Licence for any reason by which it may be terminated according to its terms or the control of Momiji Limited ceasing at any time to be in or on behalf of J. F. Crothers, J. P. Crothers, H. A. Crothers, G. W. Crothers and H. J. Keenan, the members of their families and their heirs. Upon the exercise of such option all Class A Common Shares in the capital of Orangerooft Canada Ltd. other than the optioned shares are to be converted into Class B Common Shares in the capital of Orangerooft Canada Ltd. in accordance with the conversion rights attached to the Class A Common Shares. Certificates representing the optioned shares have been deposited with Canada Permanent Trust Company as escrow agent. Under the terms of the option agreement the name of Orangerooft Canada Ltd. is upon the expiry of the term of the Master Licence and any renewal thereof to be changed so that it will not include the word "orangerooft" or any variation thereof. Further, under the terms of the option agreement, upon Mr. Keenan or any successor, within the meaning of the Master Licence, ceasing to be the Chief Executive Officer of Orangerooft Canada Ltd., Momiji Limited and Glengair are to cause him to be replaced by a new Chief Executive Officer approved by Howard Johnson Company.

10. The letter agreements dated April 2, 1970 and April 20, 1970 referred to under the immediately preceding heading.

Copies of the documents referred to under this heading and of the Share Deposit Agreement and Share Purchase Warrant Indenture, when entered into, may be inspected at the head office of Glengair during ordinary business hours while the Offer is outstanding.

LEGAL PROCEEDINGS

Neither Glengair nor any of its subsidiaries is a party to any material pending legal proceedings or to any known contemplated material legal proceedings, except in connection with re-assessments issued by the Department of National Revenue for the taxation years 1963 to 1966 inclusive of Northern Wood Preservers, Limited (a subsidiary of Northern Tar, Chemical and Wood Limited) under which there has been disallowed \$180,098 of interest and financing charges on its secured debentures. Northern Wood Preservers, Limited intends to appeal against such re-assessments, except to the extent eliminated by agreement, and the additional taxes payable, if any, will be a matter to be determined by the courts.

AUDITORS

Messrs. Glendinning, Jarrett, Gould & Co., Chartered Accountants, Royal Trust Tower, Toronto-Dominion Centre, Toronto, Ontario are the auditors of Glengair.

TRANSFER AGENT AND REGISTRAR

The Transfer Agent and Registrar for the Common Shares of Glengair is Canada Permanent Trust Company at its principal transfer offices in the cities of Toronto, Montreal, Winnipeg and Vancouver, Canada.

It is proposed that the Transfer Agent and Registrar for the 6% Non-cumulative Convertible Non-voting Class B Preference Shares, when created, will be Canada Permanent Trust Company at its principal transfer offices in the cities of Toronto, Montreal, Winnipeg and Vancouver, Canada.

The Royal Trust Company is the Trustee under the Trust Indenture under which \$2,362,580 aggregate principal amount of 6¾% Series A Debentures were issued and under which \$2,000,000 aggregate principal amount of 6½% Sinking Fund Debentures Series B were issued. Registers upon which coupon 6¾% Series A Debentures and 6½% Sinking Fund Debentures Series B may be registered as to principal and upon which fully registered 6¾% Series A Debentures and 6½% Sinking Fund Debentures Series B shall be registered as to principal and interest and upon which 6¾% Series A Debentures and 6½% Sinking Fund Debentures Series B so registered shall be recorded are kept by the said The Royal Trust Company at its principal offices in the cities of Toronto, Montreal, Winnipeg and Vancouver, Canada.

DIRECTORS' APPROVAL

This circular was presented to a meeting of the board of directors of Glengair held on April 24, 1970 and the contents hereof have been approved and its delivery authorized by the directors of Glengair.

THE GLENGAIR GROUP LIMITED
and its Subsidiary Companies

CONSOLIDATED STATEMENT OF EARNINGS
For the Four Years Ended December 31, 1969 (Note 1)

	<u>1969</u>	<u>1968</u>	<u>1967</u>	<u>1966</u>
SALES (Net)	\$29,734,157	\$19,882,252	\$20,384,369	\$10,437,384
COST OF SALES	21,819,971	15,334,147	15,786,052	7,852,350
GROSS EARNINGS FROM OPERATIONS	7,914,186	4,548,105	4,598,317	2,585,034
OPERATING EXPENSES				
Administration and selling	4,258,908	2,219,744	2,106,943	1,086,324
Depreciation and depletion	1,015,962	579,662	575,564	373,809
	5,274,870	2,799,406	2,682,507	1,460,133
EARNINGS FROM OPERATIONS	2,639,316	1,748,699	1,915,810	1,124,901
FINANCIAL EXPENSES				
Debentures				
Interest	599,041	559,214	584,209	435,777
Amortization of financing costs	57,634	58,025	53,953	30,860
	656,675	617,239	638,162	466,637
Bank interest	410,594	274,135	295,130	224,606
	1,067,269	891,374	933,292	691,243
	1,572,047	857,325	982,518	433,658
INVESTMENT AND OTHER INCOME				
Interest	82,414	115,944	105,482	121,378
Dividends	41,658	45,348	41,832	48,969
Sundry	108,672	124,443	166,259	59,934
	232,744	285,735	313,573	230,281
Less: Carrying charges	166,959	76,433	46,656	52,506
	65,785	209,302	266,917	177,775
	1,637,832	1,066,627	1,249,435	611,433
PROVISION FOR INCOME TAXES				
Income taxes payable	913,137	412,508	269,714	180,255
Deferred income taxes (Note 2)	(142,712)	(68,998)	142,834	—
	770,425	343,510	412,548	180,255
	867,407	723,117	836,887	431,178
Minority interest therein	63,538	62,040	106,627	61,764
EARNINGS BEFORE EXTRAORDINARY INCOME	803,869	661,077	730,260	369,414
Extraordinary income (net) less				
income taxes and minority interest (Note 3)	1,077,260	760,377	301,160	19,852
NET EARNINGS FOR THE YEAR	\$ 1,881,129	\$ 1,421,454	\$ 1,031,420	\$ 389,266

See attached notes.

THE GLENGAIR GROUP LIMITED
and its Subsidiary Companies

CONSOLIDATED STATEMENT OF RETAINED EARNINGS (DEFICIT)

For the Four Years Ended December 31, 1969

	<u>1969</u>	<u>1968</u>	<u>1967</u>	<u>1966</u>
BALANCE, JANUARY 1	\$1,490,872	\$ 94,736	\$ (833,529)	\$(1,173,927)
Reversal of restated 1967 deferred income tax provision, less minority interest therein		104,630		
	1,490,872	199,366	(833,529)	(1,173,927)
NET EARNINGS FOR THE YEAR	1,881,129	1,421,454	1,031,420	389,266
	3,372,001	1,620,820	197,891	(784,661)
Deduct: Preferred dividends to minority shareholders of subsidiary companies	41,690	100,326	121,122	48,868
Prior years' adjustments	735	29,622	(17,967)	
	42,425	129,948	103,155	48,868
BALANCE, DECEMBER 31	<u>\$3,329,576</u>	<u>\$1,490,872</u>	<u>\$ 94,736</u>	<u>\$ (833,529)</u>

See attached notes.

AUDITORS' REPORT

To the Directors,
THE GLENGAIR GROUP LIMITED.

We have examined the consolidated statements of earnings and retained earnings (deficit) of The Glengair Group Limited and its subsidiaries for the four years ended December 31, 1969. Our examination of the financial statements of the Company and those subsidiaries of which we are the auditors included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. We have relied on the reports of the auditors who have examined the financial statements of the other subsidiaries.

In our opinion, these consolidated financial statements, together with the notes appended thereto, present fairly the results of their operations for the four years ended December 31, 1969, in accordance with generally accepted accounting principles applied on a consistent basis throughout the period.

Toronto, Ontario,
February 27, 1970.

GLENDINNING, JARRETT, GOULD & Co.,
Chartered Accountants.

THE GLENGAIR GROUP LIMITED
NOTES TO THE CONSOLIDATED STATEMENTS OF EARNINGS
AND RETAINED EARNINGS (DEFICIT)
For the Four Years Ended December 31, 1969

1. COMPANIES INCLUDED IN THE CONSOLIDATED STATEMENT OF EARNINGS

1966—Glengair Investments Limited
V.P.G.L. Holdings Limited
Canada Brick Company Limited and its wholly owned subsidiary
Northern Tar, Chemical and Wood Limited and its wholly owned subsidiaries.
1967—The above companies and Tancord Industries Ltd. and its wholly owned subsidiaries.
1968—The same as 1967.
1969—The above companies and
Redi-Set Business Forms Limited
Allanson Manufacturing Corporation Limited and Allanson Manufacturing Corporation
Glentech Instruments Limited—since incorporation in May, 1969
Venpower Limited—since July 1, 1969.

2. INCOME TAXES

Effective January 1, 1967, the Company adopted the tax allocation basis of computing provisions for income taxes.

For the year ended December 31, 1966, income taxes otherwise payable have been reduced by approximately \$228,435 by reason of claims of capital cost allowances by subsidiary companies in excess of amounts of depreciation recorded on the books of those companies.

3. EXTRAORDINARY INCOME—NET

Pursuant to the recommendations of the Canadian Institute of Chartered Accountants, effective January 1, 1969, the Company has reflected realized profits on sales of investments as extraordinary income. Previously these gains were shown as "Realized appreciation of marketable securities" in the Statement of Retained Earnings (Deficit).

The 1966 to 1968 figures have been restated accordingly.

Extraordinary income consists of the following items (net of income tax of \$140,275 in 1969):

	1969	1968	1967	1966
Realized profits on sales of investments (net)	\$1,258,221	\$ 683,383	\$ 254,789	\$ 5,066
Excess of insurance proceeds over net book value of assets destroyed by fire	108,378			
Capital profit on sale of fixed assets	116,048			
Other	62,608	74,206	46,371	14,786
	<u>\$1,545,255</u>	<u>\$ 757,589</u>	<u>\$ 301,160</u>	<u>\$ 19,852</u>
Less:				
Interest on bank loans arranged to acquire shares of subsidiaries and other investments pending permanent financing	\$ 403,546			
Minority interest in extraordinary income (loss)	64,449	(2,788)		
	<u>\$ 467,995</u>	<u>(2,788)</u>		
	<u>\$1,077,260</u>	<u>\$ 760,377</u>	<u>\$ 301,160</u>	<u>\$ 19,852</u>

During the eleven months ended December 31, 1965, The Glengair Group Limited was known as Consumer Credit Corporation Limited, whose operations were limited to consumer acceptance financing. Due to a reorganization in February, 1966, a separate consolidated statement of earnings has been presented for the period ended December 31, 1965.

**CONSUMER CREDIT CORPORATION LIMITED
AND ITS SUBSIDIARY, HURON FINANCE LIMITED**

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the Eleven Months Ended December 31, 1965

INCOME:

Discounts and service charges earned	\$591,905	
Interest earned on investments and mortgages	20,572	
		\$ 612,477

EXPENSES:

Operating, administrative and general expenses except for the items shown below	331,918	
Special provision for doubtful accounts (Note 1)	936,426	
Depreciation, including special provision of \$34,262 (Note 3)	46,949	
Amortization of financing expense and discount (Note 2)	22,023	
Interest on borrowed funds	194,960	
Deferred cost of establishing revolving charge account plans written off	118,504	
Expenses of reorganization	29,448	
		1,680,228
Loss for the eleven months ended December 31, 1965 including special provisions for doubtful accounts and for depreciation		<u>\$1,067,751</u>

CONSOLIDATED STATEMENT OF DEFICIT

Deficit January 31, 1965	\$ 106,176
Loss for the eleven months ended December 31, 1965 as set out above	1,067,751
Deficit December 31, 1965	<u>\$1,173,927</u>

**CONSUMER CREDIT CORPORATION LIMITED
AND ITS SUBSIDIARY, HURON FINANCE LIMITED**

**NOTES TO THE CONSOLIDATED STATEMENTS OF
PROFIT AND LOSS AND DEFICIT**

1. The companies have provided an amount of \$1,000,000, of which \$936,426 was provided in the eleven months ended December 31, 1965, as an allowance for possible loss on the collection of the accounts receivable. This allowance may be greater or less than the amount which might ultimately be required to provide for the direct cost of collecting accounts and the losses from bad debts. The companies are actively pursuing the collection of the accounts receivable.
2. The discount and expenses are presently being amortized on a straight line basis as follows:
Secured Notes—Over a period of eighteen years and seven months from November 15, 1962 (the issue date of the 6¾% Convertible Secured Notes Series B) to June 15, 1981 (the maturity date of the 6¾% Secured Notes Series C).
Convertible Debentures—Over a period of fifteen years from November 15, 1963 to their maturity on November 15, 1978.
Approval has been received for the exchange of the presently outstanding securities for 6¾% Debentures Series A and Common Shares. When the 6¾% Debentures Series A, due December 15, 1985 are issued, the unamortized financing expenses and discount of \$343,301 carried forward in the balance sheet as deferred expenses at December 31, 1965, will be amortized over the term of the new debentures.
3. The provision for depreciation in the accompanying accounts includes a special provision of \$34,262 in respect of the possible losses on disposal of certain of the fixed assets.

AUDITORS' REPORT

To the Directors of
CONSUMER CREDIT CORPORATION LIMITED:

We have examined the consolidated statements of profit and loss and deficit of Consumer Credit Corporation Limited and its subsidiary, Huron Finance Limited for the eleven months ended December 31, 1965. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

The companies have provided an amount of \$1,000,000, of which \$936,426 was provided in the eleven months ended December 31, 1965, as an allowance for possible loss on the collection of the accounts receivable. This allowance may be greater or less than the amount which might ultimately be required to provide for the direct cost of collecting accounts and the losses from bad debts.

Subject to the comments in the preceding paragraph, in our opinion, the accompanying consolidated statements of profit and loss and deficit present fairly the results of operations of the companies for the eleven months ended December 31, 1965 in accordance with generally accepted accounting principles.

PRICE WATERHOUSE & Co.
Chartered Accountants.

February 24, 1966

AUDITORS' REPORT

To the Shareholders,
THE GLENGAIR GROUP LIMITED

We have examined the consolidated balance sheet of The Glengair Group Limited and its subsidiaries as at December 31, 1969 and the consolidated statements of earnings, retained earnings and source and application of funds for the year ended on that date. Our examination of the financial statements of the Company and those subsidiaries of which we are the auditors, included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. We have relied on the reports of the auditors who have examined the financial statements of the other subsidiaries.

In our opinion, these consolidated financial statements present fairly the financial position of the companies as at December 31, 1969 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year, except for the reversal of appraisal increments referred to in Note 4, in which we concur.

Toronto, Ontario,
February 27, 1970.

GLENDINNING, JARRETT, GOULD & Co.,
Chartered Accountants

THE GLENGAIR
 (Incorporated under the law
AND ITS SUBSID
CONSOLIDATED
AS AT DECEN
 (With comparative figures

ASSETS

	<u>1969</u>	<u>1968</u>
CURRENT		
Cash.....	\$ 1,059,899	\$ 635,937
Short-term investments—at cost which approximates market value.....	1,124,103	105,000
Accounts receivable.....	4,957,895	3,897,529
Inventories—at the lower of cost and net realizable value.....	8,471,852	6,804,152
Prepaid expenses and other assets.....	240,643	296,644
Taxes recoverable.....	71,915	13,826
Due from affiliated companies.....		74,172
	<u>15,926,307</u>	<u>11,827,260</u>
MARKETABLE SECURITIES (Note 2).....	7,970,293	14,126,332
OTHER INVESTMENTS (Note 3).....	3,294,713	
NOTES, DEPOSITS AND MORTGAGES RECEIVABLE.....	152,106	130,544
SPECIAL REFUNDABLE TAX.....		<u>43,968</u>
FIXED (Note 4)		
Land, shale deposits, railway siding, buildings, machinery, equipment and leasehold improvements.....	22,639,418	14,867,110
Less: Accumulated depreciation, depletion and amortization.....	13,044,107	9,020,749
	<u>9,595,311</u>	<u>5,846,361</u>
DEFERRED CHARGES		
Organization and financing costs including discount on long-term debt, less amortization.....	667,128	551,465
Goodwill and patent rights—at cost.....	14,494	14,494
Deferred income tax charges.....	262,899	161,498
	<u>944,521</u>	<u>727,457</u>
EXCESS OF COST OF INVESTMENT IN SUBSIDIARIES OVER BOOK VALUE OF NET ASSETS ACQUIRED (Note 4).....	9,856,679	7,924,584

See Notes to Consolidated Financial Statements

Approved by the Board:

J. H. Hawke, Director

C. W. Leonardi, Director

<u>\$47,739,930</u>	<u>\$40,626,506</u>
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GROUP LIMITED
(the Province of Ontario)
RY COMPANIES
ALANCE SHEET

ER 31, 1969
r 1968—Notes 1 and 4)

LIABILITIES

	<u>1969</u>	<u>1968</u>
CURRENT		
Bank advances (secured) (Note 5)	\$ 4,264,948	\$ 4,839,859
Payable in respect of acquisition of shares of subsidiary companies		1,054,349
Accounts payable and accrued liabilities	3,207,961	2,652,477
Due to broker (secured)	831,095	
Income taxes payable	693,852	354,282
Current instalments of long-term debt	459,250	509,400
Dividends payable to minority shareholders of subsidiary	13,748	22,935
	<u>9,470,854</u>	<u>9,433,302</u>
DEMAND BANK LOANS (SECURED) (Note 6)	<u>9,050,000</u>	
NOTES PAYABLE IN RESPECT OF ACQUISITION OF SHARES OF		
SUBSIDIARY COMPANIES		<u>2,866,501</u>
DEFERRED INCOME TAXES	<u>323,375</u>	<u>108,129</u>
LONG-TERM DEBT (less current instalments) (Note 7)		
Parent company	3,662,580	3,862,580
Subsidiary companies	<u>4,236,922</u>	<u>4,449,271</u>
	<u>7,899,502</u>	<u>8,311,851</u>
OTHER LONG-TERM LIABILITIES	<u>109,915</u>	
MINORITY INTEREST IN SUBSIDIARY COMPANIES		
Preference shares—par value	1,177,485	1,204,985
Common and deferred shareholders' equity in capital stock and surplus	<u>2,475,054</u>	<u>802,105</u>
	<u>3,652,539</u>	<u>2,007,090</u>

SHAREHOLDERS' EQUITY

SHARE CAPITAL (Note 8)		
Authorized—20,000,000 Common Shares without par value		
1,000,000 Preference Shares		
with a par value of \$25 each		
Issued and fully paid		
9,367,306 Common Shares (1968—7,873,827)	11,888,323	7,965,610
UNREALIZED APPRECIATION OF MARKETABLE SECURITIES	2,015,846	8,443,151
RETAINED EARNINGS	<u>3,329,576</u>	<u>1,490,872</u>
	<u>17,233,745</u>	<u>17,899,633</u>
	<u>\$47,739,930</u>	<u>\$40,626,506</u>

THE GLENGAIR GROUP LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
as at December 31, 1969

1. BASIS OF CONSOLIDATION

Assets, liabilities and operating results of all subsidiary companies, with the exception of St. Lawrence Brick Co. Limited, have been included in the consolidated financial statements. Accounts are all as of December 31, 1969, except those of Tancord Industries Ltd. whose fiscal year end was October 31, 1969.

The following companies are included for the first time in 1969:

- (i) Redi-Set Business Forms Limited;
- (ii) Venpower Limited—operating results since July 1, 1969;
- (iii) Glentech Instruments Limited—operating results from date of incorporation, May, 1969;
- (iv) Allanson Manufacturing Corporation Limited and Allanson Manufacturing Corporation—assets and liabilities, but not operating results, were included in the 1968 financial statements.

Control of St. Lawrence Brick Co. Limited was acquired on July 1, 1969, at which time it was planned to provide new facilities to replace certain of the existing plant and equipment. Until these major changes are completed, it is considered that the accounts of this company ought not to be included in the consolidated financial statements. Operations since acquisition have resulted in a loss, of which the share attributable to The Glengair Group Limited amounts to \$23,858, no part of which has been provided for in these financial statements. See also Note 3.

2. MARKETABLE SECURITIES

	<u>1969</u>		<u>1968</u>	
	<u>Cost</u>	<u>Market Valuation</u>	<u>Cost</u>	<u>Market Valuation</u>
Securities listed on recognized Canadian and American stock exchanges	\$4,307,226	\$6,345,293	\$4,600,020	\$12,277,842
Debentures	1,625,000	1,625,000	1,024,530	1,848,490
	<u>\$5,932,226</u>	<u>\$7,970,293</u>	<u>\$5,624,550</u>	<u>\$14,126,332</u>

Securities listed on Canadian and American stock exchanges have been valued at quoted market values on the relative exchanges on December 31, 1969. Debentures have been stated at approximate market values on December 31, 1969.

3. OTHER INVESTMENTS—AT COST

St. Lawrence Brick Co. Limited—an unconsolidated subsidiary (see also Note 1)

Shares	\$377,524	
Debenture—9¼% due April 1, 1990	<u>375,000</u>	\$ 752,524
Orangeroof Canada Ltd.—shares		2,306,630
Digital Telephone Systems, Inc.—shares		<u>235,559</u>
		<u>\$3,294,713</u>

Orangeroof Canada Ltd. and Digital Telephone Systems, Inc. are in formative stages of development.

4. FIXED ASSETS

In 1969, it was decided to adopt, as a uniform policy, the cost method of valuation of fixed assets. Previously, these assets were valued, in part, at cost, and in part, on the basis of appraisals made at a number of different dates. The effect of this change is to reduce the net value of the fixed assets by \$5,836,158, to reduce the minority common and deferred shareholders' equity in capital stock and surplus by \$808,073 and to increase the "Excess of cost of investment in subsidiaries over book value of net assets acquired" by \$5,028,085, since all recorded appraisal increments were in subsidiary companies.

For comparative purposes, the preceding year's figures have been revised accordingly.

The following is a summary of the gross asset values:

	<u>Cost</u>
Land and shale deposits	\$ 296,555
Buildings, machinery and all other depreciable assets	<u>22,342,863</u>
	<u>\$22,639,418</u>

Buildings, machinery and all other depreciable assets are insured on a replacement cost basis for a value in excess of \$32,000,000.

5. SECURITY FOR BANK ADVANCES

Bank advances are secured by inventories and general assignment of book debts (see also Notes 6 and 14)

6. DEMAND BANK LOANS—SECURED

The parent company arranged these loans to acquire shares of subsidiaries and certain other investments. Although payable on demand, these loans have been shown as non-current liabilities as it is the directors' intention to replace them with permanent financing. (See also Note 14).

7. LONG-TERM DEBT

	1969	1968
Parent company		
Sinking fund debentures		
Series A, 6¾%, due December 15, 1985.....	\$2,062,580	\$2,162,580
Series B, 6½%, due June 30, 1976.....	1,800,000	1,900,000
	3,862,580	4,062,580
Less: Sinking fund payments due within one year.....	200,000	200,000
	<u>\$3,662,580</u>	<u>\$3,862,580</u>
Subsidiary companies		
Northern Tar, Chemical and Wood Limited		
Secured debenture, 7.8%, due		
\$110,000 annually December 15, 1970 to 1978 inclusive, and		
\$100,000 annually December 15, 1979 to 1983 inclusive.....	\$1,490,000	\$1,600,000
Canada Brick Company Limited		
First mortgage sinking fund bonds, 6¾%, due January 4, 1986.....	1,600,000	1,700,000
(The current obligation has been met)		
Tancord Industries Ltd.		
Secured debenture, 6¾%, due		
\$100,000 annually July 31, 1970 to 1981.....	1,200,000	1,300,000
Mortgages and floating charge debentures.....	206,172	158,671
	4,496,172	4,758,671
Less: Sinking fund and principal payments due within one year.....	259,250	309,400
	<u>\$4,236,922</u>	<u>\$4,449,271</u>

Payments required in the next five years to meet long-term debt instalments and sinking fund provisions are:

1970.....	\$459,250
1971.....	536,218
1972.....	525,808
1973.....	523,177
1974.....	524,281

8. CAPITAL STOCK, OPTIONS AND WARRANTS

Capital Stock

(i) Authorized

The authorized capital of the Company was increased to 20,000,000 Common Shares without par value and 1,000,000 cumulative, redeemable Preference Shares with a par value of \$25 each. Previously authorized capital consisted of 10,000,000 Common Shares without par value.

(ii) Issued during 1969

251,115 Common Shares were issued for a cash consideration of \$456,212.

1,242,364 Common Shares were issued for \$3,466,501 as partial consideration in the acquisition of Redi-Set Business Forms Limited, Allanson Manufacturing Corporation Limited and Allanson Manufacturing Corporation.

Options

The following options are outstanding:

45,000 Common Shares at \$1.50 per share (at a maximum rate of 7,500 shares per year) to an officer of a subsidiary company to expire not later than February 28, 1975.

65,000 Common Shares at \$5.375 per share (at a maximum rate of 13,000 shares per year) to an officer of the Company and to an employee of a subsidiary company to expire not later than August 31, 1974.

8. (cont'd.)

Share Purchase Warrants

There are share purchase warrants outstanding entitling the holders thereof to purchase an aggregate of 726,050 Common Shares of the Company at the following prices:

\$1.75 per share if exercised on or before June 30, 1970; thereafter
\$2.25 per share if exercised on or before June 30, 1972; thereafter
\$3.00 per share if exercised on or before June 30, 1974; and thereafter
\$4.00 per share if exercised on or before June 30, 1976; void thereafter.

9. DEFERRED INCOME TAXES

Unrecorded deferred income tax credits (net of charges) accumulated prior to the adoption of the allocation basis in 1968, which arose from capital cost allowances claimed in excess of depreciation recorded, amount to \$191,955.

10. EXTRAORDINARY INCOME—NET

Pursuant to the recommendations of the Canadian Institute of Chartered Accountants, effective January 1, 1969, the Company has reflected realized profits on sales of investments as extraordinary income. Previously these gains were shown as "Realized appreciation of marketable securities" in the Statement of Retained Earnings.

The 1968 figures have been restated accordingly.

Extraordinary income consists of the following items (net of income tax of \$140,275 in 1969):

	1969	1968
Realized profits on sales of investments (net)	\$1,258,221	\$ 683,383
Excess of insurance proceeds over net book value of assets destroyed by fire	108,378	
Capital profit on sale of fixed assets	116,048	
Other	62,608	74,206
	<u>1,545,255</u>	<u>757,589</u>
Less:		
Interest on bank loans arranged to acquire shares of subsidiaries and other investments pending permanent financing	403,546	
Minority interest in extraordinary income (loss)	64,449	(2,788)
	<u>467,995</u>	<u>(2,788)</u>
	<u>\$1,077,260</u>	<u>\$ 760,377</u>

11. TRANSLATION OF FOREIGN CURRENCIES

Translation to Canadian dollars of assets and liabilities, revenues and expenditures originating in other currencies has been made at the approximate rate of exchange on the respective year end dates, which had remained stable during the year. This policy has been applied in all cases except fixed assets and related allowances for depreciation which are stated at the accumulated amounts obtained by the application of rates prevailing at the time of acquisition or charge.

12. CONTINGENT LIABILITY FOR INCOME TAXES

A subsidiary company has a contingent liability for income taxes of \$93,561 (excluding interest).

13. STATUTORY INFORMATION

The aggregate direct remuneration paid or payable by the Company or its subsidiaries to the directors and senior officers (as defined by The Corporations Act) of the Company was \$313,984 (1968 \$169,857), as follows:

	1969	1968
(a) Directors' fees	\$ 20,250	\$ 4,800
(b) Remuneration of senior officers of the Company, and senior officers of its operating division	293,734	165,057
	<u>\$313,984</u>	<u>\$169,857</u>

14. LOANS FROM SHAREHOLDER

Of the aggregate bank loans and advances, \$10,919,206 is owing a bank which is a shareholder of the Company.

**THE GLENGAIR GROUP LIMITED
AND ITS SUBSIDIARY COMPANIES**

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

For the Year Ended December 31, 1969

(With comparative figures for 1968—Note 10)

	<u>1969</u>	<u>1968</u>
Balance, January 1.....	\$ 1,490,872	\$ 94,736
Reversal of restated 1967 deferred income tax provision, less minority interest therein.....		<u>104,630</u>
	1,490,872	199,366
Net earnings for the year.....	<u>1,881,129</u>	<u>1,421,454</u>
	<u>3,372,001</u>	<u>1,620,820</u>
Deduct: Preferred dividends to minority shareholders of subsidiary company..	41,690	100,326
Prior years' adjustments.....	<u>735</u>	<u>29,622</u>
	42,425	129,948
Balance, December 31.....	<u><u>\$ 3,329,576</u></u>	<u><u>\$ 1,490,872</u></u>

See Notes to Consolidated Financial Statements

**THE GLENGAIR GROUP LIMITED
AND ITS SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF EARNINGS**

For the Year Ended December 31, 1969

(With comparative figures for 1968—Note 1)

	<u>1969</u>	<u>1968</u>
SALES (Net).....	\$29,734,157	\$19,882,252
COST OF SALES.....	<u>21,819,971</u>	<u>15,334,147</u>
GROSS EARNINGS FROM OPERATIONS.....	<u>7,914,186</u>	<u>4,548,105</u>
OPERATING EXPENSES		
Administration and selling.....	4,258,908	2,219,744
Depreciation and depletion.....	<u>1,015,962</u>	<u>579,662</u>
	<u>5,274,870</u>	<u>2,799,406</u>
EARNINGS FROM OPERATIONS.....	<u>2,639,316</u>	<u>1,748,699</u>
FINANCIAL EXPENSES		
Debentures		
Interest.....	599,041	559,214
Amortization of financing costs.....	<u>57,634</u>	<u>58,025</u>
	<u>656,675</u>	<u>617,239</u>
Bank interest.....	<u>410,594</u>	<u>274,135</u>
	<u>1,067,269</u>	<u>891,374</u>
	<u>1,572,047</u>	<u>857,325</u>
INVESTMENT AND OTHER INCOME		
Interest.....	82,414	115,944
Dividends.....	41,658	45,348
Sundry.....	<u>108,672</u>	<u>124,443</u>
	<u>232,744</u>	<u>285,735</u>
Less: Carrying charges.....	<u>166,959</u>	<u>76,433</u>
	<u>65,785</u>	<u>209,302</u>
	<u>1,637,832</u>	<u>1,066,627</u>
PROVISION FOR INCOME TAXES		
Income taxes payable.....	913,137	412,508
Deferred income taxes.....	<u>(142,712)</u>	<u>(68,998)</u>
	<u>770,425</u>	<u>343,510</u>
	<u>867,407</u>	<u>723,117</u>
Minority interest therein.....	<u>63,538</u>	<u>62,040</u>
EARNINGS BEFORE EXTRAORDINARY INCOME.....	803,869	661,077
Extraordinary income (net) less income taxes and minority interest (Note 10)	<u>1,077,260</u>	<u>760,377</u>
NET EARNINGS FOR THE YEAR.....	<u>\$ 1,881,129</u>	<u>\$ 1,421,454</u>

See Notes to Consolidated Financial Statements

**THE GLENGAIR GROUP LIMITED
AND ITS SUBSIDIARY COMPANIES**

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

for the year ended December 31, 1969

(With comparative figures for 1968—Note 1)

	<u>1969</u>	<u>1968</u>
SOURCE OF FUNDS		
Earnings before extraordinary income	\$ 803,869	\$ 661,077
Items not affecting funds		
Depreciation and depletion	1,015,962	579,662
Deferred income taxes	(142,712)	(68,998)
Amortization of deferred financing costs	57,634	58,025
Minority interest	<u>63,538</u>	<u>62,040</u>
Funds from operations	<u>1,798,291</u>	<u>1,291,806</u>
Other		
Funds from extraordinary income		
Extraordinary income (Note 10)	1,077,260	760,377
Deferred income taxes	181,736	
Minority interest	<u>64,449</u>	<u>(2,788)</u>
	1,323,445	757,589
Demand bank loans arranged pending permanent financing (Note 6)	9,050,000	
Issue of common shares of parent and subsidiary companies for cash	469,752	8,200
Proceeds from sale of investments, less realized gain included as extraordinary income	417,048	470,913
Forgivable loans for purchase of fixed assets	298,561	
Issue of long-term debt	50,000	650,000
Miscellaneous	<u>158,480</u>	<u>17,751</u>
	<u>11,767,286</u>	<u>1,904,453</u>
	<u>13,565,577</u>	<u>3,196,259</u>
APPLICATION OF FUNDS		
Additions to fixed assets (net)	2,161,440	1,628,091
Purchase of marketable securities	1,500,000	2,201,211
Reduction of long-term debt	586,240	510,000
Purchase of other investments	3,294,713	
Redemption of preferred shares of a subsidiary	22,875	16,050
Payment of dividends by a subsidiary	74,936	161,898
Funds used in acquisition of subsidiaries in excess of working capital thereof	1,808,330	(23,348)
Miscellaneous	<u>55,548</u>	<u>38,647</u>
	<u>9,504,082</u>	<u>4,532,549</u>
Increase (Decrease) in working capital for year	4,061,495	(1,336,290)
Working capital, January 1	<u>2,393,958</u>	<u>3,730,248</u>
Working capital, December 31	<u>\$ 6,455,453</u>	<u>\$ 2,393,958</u>

See Notes to Consolidated Financial Statements

**THE GLENGAIR GROUP LIMITED
AND ITS SUBSIDIARY COMPANIES**

CONSOLIDATED SCHEDULE OF MARKETABLE SECURITIES

as at December 31, 1969

Par Value or Number of Shares	Listed Securities	Average Cost		Market Value		Income
		Total	Unit	Unit	Total	
18,075	Atlantic Sugar Refineries Co. Limited, common	\$ 116,754	6.46	8 1/8	\$ 146,859	\$ 4,519
287,354	Canadian Security Management Limited, A	368,846	1.28	3.75	1,077,578	
163,149	Capital Diversified Industries Limited, common	93,075	.57	2.90	473,132	
120,000	Consolidated Building Corporation Limited, common	502,946	4.19	1.50	180,000	
200,000	Ensign Oils Limited	440,000	2.20	3.20	640,000	
834,821 1/2	The International Helium Company Limited	1,139,627	1.27	.42	350,625	
201,669	I.T.L. Industries Limited, common	236,752	1.17	11.00	2,218,359	41,692
50,000	Nytronics Inc.—common	200,000	4.00	12.15	607,500	
150,000	—warrants	186,000	1.24	4.00	600,000	
	Miscellaneous	67,953	—	—	51,240	80
		3,351,953				
	Pre-acquisition unrealized appreciation in subsidiaries' holdings of listed securities adjusted for post-acquisition sales	955,273				
Totals of listed securities		\$4,307,226			\$6,345,293	\$46,291

Par Value	Convertible Debentures	Average Cost		Market Value		Income
		Total	Unit	Unit	Total	
\$ 125,000	Canadian Security Management Limited 7%—Nov. 1, 1971	\$ 125,000	100.00	100.00	\$ 125,000	\$ 8,750
\$1,500,000	I.T.L. Industries Limited 8%—Oct. 1, 1988	1,500,000	100.00	100.00	1,500,000	30,000
		1,625,000			1,625,000	38,750
		\$5,932,226			\$7,970,293	\$85,041

CONSENT OF AUDITORS

To: The Glengair Group Limited

We hereby consent to the use of our reports dated February 27, 1970 on the consolidated balance sheet of The Glengair Group Limited and its subsidiaries as at December 31, 1969 and the consolidated statements of earnings, retained earnings and source and application of funds for the year then ended, and on the consolidated statements of earnings and retained earnings (deficit) of The Glengair Group Limited and its subsidiaries for the four years ended December 31, 1969, appearing in the circular accompanying the Offer by The Glengair Group Limited to the holders of Common Shares and to the holders of Warrants to purchase Common Shares of Atlantic Sugar Refineries Co. Limited.

Toronto, April 24, 1970.

Glendinning, Jarrett, Gould & Co.,
Chartered Accountants.

CONSENT OF AUDITORS

To: The Glengair Group Limited

(formerly Consumer Credit Corporation Limited)

We hereby consent to the use of our report dated February 24, 1966, on the consolidated statements of profit and loss and deficit of Consumer Credit Corporation Limited and its subsidiary, Huron Finance Limited, for the eleven months ended December 31, 1965, appearing in the circular accompanying the Offer by The Glengair Group Limited to the holders of Common Shares and to the holders of Warrants to purchase Common Shares of Atlantic Sugar Refineries Co. Limited.

Toronto, April 24, 1970.

Price Waterhouse & Co.,
Chartered Accountants.

SCHEDULE A

Provisions attaching to the Class A Preference Shares of Glengair

The Class A Preference Shares will, as a class, have attached thereto preferences, rights, conditions, restrictions, limitations and prohibitions substantially as follows:

- (a) The Class A Preference Shares may at any time and from time to time be issued in one (1) or more series, each series to consist of such number of shares as may, before the issue thereof, be determined by resolution of the board of directors of the Company;
- (b) The board of directors of the Company shall, by resolution duly passed before the issue of any Class A Preference Shares of any series, fix the designation, preferences, rights, conditions, restrictions, limitations and prohibitions to be attached to the Class A Preference Shares of such series, including, but without in any way limiting or restricting the generality of the foregoing, the rate or amount of preferential dividends, the date or dates and place or places of payment thereof, the consideration and the terms and conditions of any purchase for cancellation or redemption thereof, conversion rights (if any), the terms and conditions of any share purchase plan or sinking fund and the restrictions (if any) respecting payment of dividends on any shares ranking junior to the Class A Preference Shares, the whole subject to the issue of Supplementary Letters Patent setting forth the designation, preferences, rights, conditions, restrictions, limitations and prohibitions to be attached to the Class A Preference Shares of such series;
- (c) The Class A Preference Shares of each series shall, with respect to priority in payment of dividends and in the distribution of assets in the event of the liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs, be entitled to a preference over the Common Shares without par value of the Company and over any other shares ranking junior to the Class A Preference Shares and the Class A Preferences Shares of each series may also be given such other preferences over the Common Shares and any other shares ranking junior to the Class A Preference Shares as may be determined as to the respective series authorized to be issued;
- (d) The Class A Preference Shares of each series shall rank on a parity with the Class A Preference Shares of every other series with respect to priority in payment of dividends and in the distribution of assets in the event of the liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs;
- (e) No series of Class A Preference Shares shall be authorized which shall have a dividend rate in excess of ten per cent (10%) per annum on the amount from time to time paid up thereon or be entitled to receive upon liquidation, dissolution or winding up or upon redemption or purchase for cancellation a sum in excess of one hundred and ten per cent (110%) of the amount paid up thereon plus a sum equivalent to all unpaid dividends accumulated thereon;
- (f) Subject to the provisions of clause (e) hereof, the holders of the Class A Preference Shares of each series shall be entitled to receive and the Company shall pay thereon as and when declared by the board of directors out of the moneys of the Company properly applicable to the payment of dividends fixed cumulative preferential cash dividends at such rate and on such date or dates as the directors may fix by the resolution provided for in clause (b) hereof fixing the designation, preferences, rights, conditions, restrictions, limitations and prohibitions attaching to the Class A Preference Shares of such series and as may be set forth in the Supplementary Letters Patent setting forth the designation, preferences, rights, conditions, restrictions, limitations and prohibitions attaching to the Class A Preference Shares of such series; such dividends shall accrue from such date or dates not later than six (6) months after the respective dates of issue as may in the case of each issue be determined by the board of directors of the Company or in case no date be so determined then from the respective dates of issue; cheques of the Company payable at par at any branch of the Company's bankers for the time being in Canada shall be issued in respect of such dividends; if on any date for the payment of any dividend on the Class A Preference Shares of any series the dividend payable on such date is not paid

in full on all the Class A Preference Shares of such series then issued and outstanding such dividend or the unpaid part thereof shall be paid on a subsequent date or dates determined by the board of directors of the Company on which the Company shall have sufficient moneys properly applicable to the payment of the same; the holders of the Class A Preference Shares of any series shall not be entitled to any dividends other than or in excess of the cash dividends for such series hereinbefore in this clause (f) referred to;

- (g) In the event of the liquidation, dissolution or winding up of the Company or any other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs, the holders of the Class A Preference Shares of each series shall be entitled to receive the amount paid up on such shares, together with all dividends (if any) accrued thereon up to the date of distribution and then remaining unpaid on such shares, whether or not earned or declared (which dividends, for such purpose, shall be calculated as if such dividends were accruing from day to day) and an additional amount equal to the premium (if any) which would be payable upon the Class A Preference Shares of such series as part of the redemption price of such shares if such shares were redeemed under the provisions of clause (j) hereof, before any amount shall be paid or any property or assets of the Company distributed to the holders of any Common Shares or shares of any other class ranking junior to the Class A Preference shares; after payment to the holders of the Class A Preference Shares of each series of the amount so payable to them they shall not be entitled to share in any further distribution of the property or assets of the Company;
- (h) No dividends (other than stock dividends in shares of the Company ranking junior to the Class A Preference Shares) shall at any time be declared or paid on or set apart for payment on any shares of the Company ranking junior to the Class A Preference Shares unless all dividends up to and including the dividend payable for the last completed period for which such dividends shall be payable on each series of the Class A Preference Shares then issued and outstanding shall have been declared and paid or set apart for payment at the date of such declaration or payment or setting apart for payment on such shares of the Company ranking junior to the Class A Preference Shares nor shall the Company call for redemption or purchase for cancellation or decrease or otherwise pay off any of the Class A Preference Shares (less than the total number of Class A Preference Shares then outstanding) or any shares of the Company ranking junior to the Class A Preference Shares unless all dividends up to and including the dividend payable for the last completed period for which such dividends shall be payable on each series of the Class A Preference Shares then issued and outstanding shall have been declared and paid or set apart for payment at the date of such call for redemption, purchase, decrease or other payment off;
- (i) Subject to the provisions of clause (h) hereof and subject to the preferences, rights, conditions, restrictions, limitations and prohibitions attaching to the Class A Preference Shares of any series, the Company may at any time or times purchase (if obtainable) for cancellation all or any part of the Class A Preference Shares of any series outstanding from time to time in the market (including purchase through or from an investment dealer or firm holding membership on a recognized stock exchange) or by invitation for tenders addressed to all the holders of record of the Class A Preference Shares of such series outstanding at the lowest price or prices at which, in the opinion of the directors, such shares are obtainable but not exceeding the price at which, at the date of purchase, such shares are redeemable as provided in clause (j) hereof (including accrued and unpaid preferential dividends as provided in the said clause (j)) plus costs of purchase; if upon any invitation for tenders under the provisions of this clause (i) the Company shall receive tenders of Class A Preference Shares of such series at the same lowest price which the Company may be willing to pay in an aggregate number greater than the number for which the Company is prepared to accept tenders, the Class A Preference Shares of such series so tendered which the Company determines to purchase at such price shall be purchased as nearly as may be pro rata (disregarding fractions) in proportion to the number of Class A Preference Shares of such series so tendered by each of the holders of Class A Preference Shares of such series who submitted tenders at the said same lowest price;
- (j) Subject to the provisions of clause (h) hereof and subject to the preferences, rights, conditions, restrictions, limitations and prohibitions attaching to the Class A Preference Shares of any series, the

Company may upon giving notice as hereinafter provided redeem at any time the whole or from time to time any part of the then outstanding Class A Preference Shares of any series on payment for each share to be redeemed of the amount paid up on such share together with such premium (if any) as the directors may fix by the resolution provided for in clause (b) hereof fixing the designation, preferences, rights, conditions, restrictions, limitations and prohibitions attaching to the Class A Preference Shares of such series and as may be set forth in the Supplementary Letters Patent setting forth the designation, preferences, rights, conditions, restrictions, limitations and prohibitions attaching to the Class A Preference Shares of such series and together with all dividends (if any) accrued thereon up to the date fixed for redemption and then remaining unpaid on such shares, whether or not earned or declared (which dividends, for such purpose, shall be calculated as if such dividends were accruing from day to day);

- (k) In any case of redemption of Class A Preference Shares of any series under the provisions of clause (j) hereof, the Company shall at least thirty (30) days before the date specified for redemption mail to each person who at the date of mailing is a registered holder of Class A Preference Shares of such series to be redeemed a notice in writing of the intention of the Company to redeem such last mentioned shares; such notice shall be mailed in an envelope, with postage prepaid, addressed to each such shareholder at his address as it appears on the books of the Company or in the event of the address of any such shareholder not so appearing then to the last known address of such shareholder; provided, however, that accidental failure or omission to give any such notice to one (1) or more of such holders shall not affect the validity of such redemption; such notice shall set out the redemption price and the date on which redemption is to take place and if part only of the Class A Preference Shares of such series held by the person to whom it is addressed is to be redeemed the number thereof so to be redeemed; on or after the date so specified for redemption the Company shall pay or cause to be paid to or to the order of the registered holders of the Class A Preference Shares of such series to be redeemed the redemption price thereof on presentation and surrender at the head office of the Company or any other place within Canada designated in such notice of the certificates representing the Class A Preference Shares of such series so called for redemption; such payment shall be made by cheques payable at par at any branch of the Company's bankers for the time being in Canada; if a part only of the Class A Preference Shares of such series represented by any certificate shall be redeemed, a new certificate for the balance shall be issued at the expense of the Company; from and after the date specified for redemption in any such notice, the Class A Preference Shares of such series called for redemption shall cease to be entitled to dividends and the holders thereof shall not be entitled to exercise any of the rights of shareholders in respect thereof unless payment of the redemption price shall not be made upon presentation of certificates in accordance with the foregoing provisions, in which case the rights of the holders shall remain unaffected; the Company shall have the right at any time after the mailing of notice of its intention to redeem any Class A Preference Shares of any series as aforesaid to deposit the redemption price of the Class A Preference Shares of such series so called for redemption or of such of the said shares represented by certificates as have not at the date of such deposit been surrendered by the holders thereof in connection with such redemption to a special account in any chartered bank or any trust company in Canada named in such notice to be paid without interest to or to the order of the respective holders of the Class A Preference Shares of such series called for redemption upon presentation and surrender to such bank or trust company of the certificates representing the same and upon such deposit being made or upon the date specified for redemption in such notice, whichever is the later, the Class A Preference Shares of such series in respect whereof such deposit shall have been made shall be redeemed and the rights of the holders thereof after such deposit or such redemption date, as the case may be, shall be limited to receiving without interest their proportionate part of the total redemption price so deposited against presentation and surrender of the said certificates held by them respectively; any interest allowed on any such deposit shall belong to the Company ;
- (l) The holders of the Class A Preference Shares shall not be entitled as such (except as hereinafter specifically provided) to receive notice of or to attend any meeting of the shareholders of the Company or to vote at any such meeting (but shall be entitled to receive notice of meetings of shareholders of the Company called for the purpose of authorizing the dissolution of the Company or the sale of its

undertaking or a substantial part thereof) unless and until the Company from time to time shall fail to pay in the aggregate eight (8) quarterly dividends on the Class A Preference Shares of any (1) series on the dates on which the same should be paid according to the terms thereof and unless and until eight (8) quarterly dividends on such shares shall remain outstanding and be unpaid whether or not consecutive and whether or not such dividends have been declared and whether or not there are any moneys of the Company properly applicable to the payment of dividends; thereafter but only as long as any dividends on the Class A Preference Shares of any series remain in arrears the holders of the Class A Preference Shares shall be entitled to receive notice of and to attend all meetings of shareholders of the Company and shall be entitled to one (1) vote in respect of each Class A Preference Share held and in addition shall be entitled, voting separately and exclusively as a class, to elect one (1) member of the board of directors of the Company if the board consists of nine (9) or fewer directors or two (2) members of the board of directors if the board consists of more than (9) directors; nothing herein contained shall be deemed to limit the right of the Company from time to time to increase or decrease the number of its directors;

Notwithstanding anything contained in the by-laws of the Company, the term of office of all persons who may be directors of the Company at any time when the right to elect directors shall accrue to the holders of Class A Preference Shares as herein provided, or who may be appointed as directors thereafter and before a meeting of shareholders shall have been held, shall terminate upon the election of directors at the next annual meeting of shareholders or at a general meeting of shareholders which may be held for the purpose of electing directors at any time after the accrual of such right to elect directors upon not less than twenty-one (21) days' written notice and which shall be called by the secretary of the Company upon the written request of the holders of record of at least one-tenth (1/10) of the outstanding Class A Preference Shares; in default of the calling of such general meeting by the secretary within fifteen (15) days after the making of such request, such meeting may be called by any holder of record of Class A Preference Shares;

Any vacancy or vacancies occurring among members of the board elected by the holders of Class A Preference Shares, voting separately and exclusively as a class, in accordance with the foregoing provisions, may be filled by the board of directors with the consent and approval of the remaining director elected by the holders of Class A Preference Shares, voting separately and exclusively as a class, but if there be no such remaining director the board may elect or appoint sufficient holders of Class A Preference Shares to fill the vacancy or vacancies; whether or not such vacancy or vacancies is or are so filled by the board, the holders of record of at least one-tenth (1/10) of the outstanding Class A Preference Shares shall have the right to require the secretary of the Company to call a meeting of the holders of Class A Preference Shares for the purpose of filling the vacancy or vacancies or replacing any person or persons elected or appointed to fill such vacancy or vacancies and the provisions of the last preceding paragraph shall apply with respect to the calling of any such meeting;

Notwithstanding anything contained in the by-laws of the Company (i) upon any termination of the said right to elect directors, the term of office of the director or directors elected or appointed to represent the holders of Class A Preference Shares exclusively shall forthwith terminate and (ii) the holding of one (1) Class A Preference Share shall be sufficient to qualify a person for election or appointment as a director of the Company to represent the holders of Class A Preference Shares exclusively; holders of Common Shares shall be entitled to one (1) vote for each Common Share held by them at all shareholders' meetings; and

- (m) The authorization required by subsection 4 of section 33 of The Corporations Act to delete or vary any preference, right, condition, restriction, limitation or prohibition attaching to the Class A Preference Shares as a class or to create preference shares ranking in priority to or on a parity with the Class A Preference Shares may be given by at least two-thirds ($\frac{2}{3}$) of the votes cast at a meeting of the holders of the Class A Preference Shares duly called for that purpose and held upon at least twenty-one (21) days' notice at which the holders of at least a majority of the outstanding Class A Preference Shares are present or represented by proxy; if at any such meeting the holders of a majority of the

outstanding Class A Preference Shares are not present or represented by proxy within one-half ($\frac{1}{2}$) an hour after the time appointed for such meeting, then the meeting shall be adjourned to such date being not less than fifteen (15) days later and to such time and place as may be appointed by the chairman and not less than ten (10) days' notice shall be given of such adjourned meeting but it shall not be necessary in such notice to specify the purpose for which the meeting was originally called; at such adjourned meeting the holders of Class A Preference Shares present or represented by proxy may transact the business for which the meeting was originally called and a resolution passed thereat by not less than two-thirds ($\frac{2}{3}$) of the votes cast at such adjourned meeting shall constitute the authorization of the holders of the Class A Preference Shares referred to above; the formalities to be observed in respect to the giving of notice of any such meeting or adjourned meeting and the conduct thereof shall be those from time to time prescribed by the by-laws of the Company with respect to meetings of shareholders; on every poll taken at every such meeting or adjourned meeting every holder of Class A Preference Shares shall be entitled to one (1) vote in respect to each Class A Preference Share held.

SCHEDULE B

Provisions attaching to the Class B Shares of Glengair.

The 6% Non-cumulative Convertible Non-voting Class B Preference Shares (hereinafter called "Class B Shares") will have attached thereto preferences, rights, conditions, restrictions, limitations and prohibitions substantially as follows:

(1) The holders of Class B Shares shall be entitled to receive and the Company shall pay thereon as and when declared by the board of directors of the Company, out of the moneys of the Company properly applicable to the payment of dividends, non-cumulative preferential cash dividends at the rate of six per cent (6%) per annum on the amounts from time to time paid up thereon payable quarterly on such dates as the board of directors shall from time to time determine; cheques of the Company payable at par at any branch of the Company's bankers for the time being in Canada shall be issued in respect of such dividends and payment thereof shall satisfy such dividends; no dividend shall be declared or paid on the Common Shares or any other shares ranking junior to the Class B Shares in any fiscal year unless, during the thirteen (13) calendar months immediately preceding the month during which any dividend on the Common Shares or other shares ranking junior to the Class B Shares is declared or paid as the case may be, dividends as aforesaid of six per cent (6%) per annum shall have been paid on the Class B Shares at the time outstanding or shall have been declared and the payment thereof authorized; the board of directors shall be entitled from time to time to declare part of the said non-cumulative cash dividend for any fiscal year notwithstanding that such dividend for such fiscal year shall not be declared in full; if in any fiscal year of the Company the board of directors in its discretion shall not declare the said dividend or any part thereof on the Class B Shares for such fiscal year then the rights of the holders of the Class B Shares to such dividend or to any undeclared part thereof for such fiscal year shall be forever extinguished; the holders of the Class B Shares shall not be entitled to any dividends other than or in excess of the non-cumulative cash dividends hereinbefore provided for;

(2) In the event of the liquidation, dissolution or winding up of the Company or other distribution of assets of the Company among shareholders for the purpose of winding up its affairs holders of the Class B Shares shall be entitled to receive the amount paid up on such shares together with all declared and unpaid preferential dividends before any amount shall be paid or any property or assets of the Company distributed to the holders of the Common Shares or shares of any other class ranking junior to the Class B Shares; after payment to the holders of the Class B Shares of the amount so payable to them they shall not be entitled to share any further in the distribution of the property or assets of the Company;

(3) The Company may at any time or times on or after the fifteenth day of June, 1980 purchase (if obtainable) for cancellation the whole or any part of the Class B Shares outstanding from time to time in the market (including purchase through or from an investment dealer or a firm holding membership on a recognized stock exchange) or by invitation for tenders addressed to all the holders of record of the Class B Shares outstanding at the lowest price at which in the opinion of the directors such shares are obtainable but not exceeding the amount paid up thereon together with all declared and unpaid preferential dividends and costs of purchase;

(4) The Company may on and after the fifteenth day of June, 1980 upon giving notice as hereinafter provided redeem at any time the whole or from time to time any part of the then outstanding Class B Shares on payment for each share to be redeemed of the amount paid up on such share together with all declared and unpaid preferential dividends; where at any time some but not all of the Class B shares are to be redeemed, the shares to be redeemed shall be selected by lot in such manner as the board of directors determines and not as nearly as may be in proportion to the number of shares registered in the name of each shareholder;

(5) In any case of redemption of Class B Shares under clause (4) hereof the Company shall at least thirty (30) days before the date specified for redemption mail to each person who at the date of mailing is a registered holder of Class B Shares to be redeemed a notice in writing of the intention of the Company to redeem such Class B Shares; such notice shall be mailed in a prepaid letter addressed to each such shareholder at his address as it appears on the books of the Company or in the event of the address of any such shareholder not so appearing then to the last known address of such shareholder; provided, however, that accidental failure to

give any such notice to one (1) or more of such holders shall not affect the validity of such redemption; such notice shall set out the redemption price and the date on which redemption is to take place and if part only of the shares held by the person to whom such notice is addressed is to be redeemed the number thereof so to be redeemed; on or after the date so specified for redemption the Company shall pay or cause to be paid to or to the order of the registered holders of the Class B Shares to be redeemed the redemption price on presentation and surrender at the head office of the Company or any other place designated in such notice of the certificates for the Class B Shares called for redemption; if a part only of the shares represented by any certificate be redeemed a new certificate for the balance shall be issued at the expense of the Company; from and after the date specified in any such notice the Class B Shares called for redemption shall cease to be entitled to dividends and the holders thereof shall not be entitled to exercise any of the rights of shareholders in respect thereof unless payment of the redemption price shall not be made upon presentation of certificates in accordance with the foregoing provisions in which case the rights of the holders shall remain unaffected; should the holders of any Class B Shares so called for redemption fail to present the certificates representing such shares on the date specified for redemption the Company shall have the right to deposit the redemption price of such shares to a special account in any chartered bank or any trust company in Canada, as specified in the notice, to be paid without interest to or to the order of the respective holders of such Class B Shares called for redemption upon presentation and surrender to such bank or trust company of the certificates representing the same and upon such deposit being made the Class B Shares in respect whereof such deposit shall have been made shall be redeemed and the rights of the holders thereof after such deposit shall be limited to receiving without interest their proportionate part of the total redemption price so deposited against presentation and surrender of the said certificates held by them respectively;

- (6) (a) The holders of Class B Shares shall have the right at any time (subject as hereinafter provided) to convert all or any of the fully-paid Class B Shares into fully-paid Common Shares without par value of the Company (as the same shall be constituted at the date hereof) on the basis of one (1) Common Share for each Class B share converted;
- (b) The conversion right herein provided for may be exercised by notice in writing given to any transfer agent of the Company for the Class B Shares accompanied by the certificate or certificates representing the Class B Shares in respect of which the holder thereof desires to exercise such right of conversion; such notice shall be signed by the person registered on the books of the Company as the holder of the Class B Shares in respect of which such right is being exercised or by his duly authorized attorney and shall specify the number of Class B Shares which the holder desires to have converted; upon the said transfer agent receiving such notice, the Company shall issue certificates for Common Shares at the rate hereinbefore provided and in accordance with the provisions hereof to the registered holder of the Class B Shares represented by the certificate or certificates accompanying such notice or in such name or names as such registered holder may direct in writing (either in the said notice or otherwise) provided that such registered holder shall pay any applicable transfer taxes; if less than all the Class B Shares represented by any certificate or certificates accompanying any such notice are to be converted, the holder shall be entitled to receive, at the expense of the Company, a new certificate representing the Class B Shares comprised in the certificate or certificates surrendered as aforesaid which are not to be converted;
- (c) The registered holders of any Class B Shares on the record date for any dividend payable on such shares shall be entitled to such dividend notwithstanding that such shares are converted into Common Shares after such record date and before the payment date of such dividend and the registered holders of the Common Shares resulting from such conversion shall be entitled to rank equally with the registered holders of all other Common Shares in respect of all dividends payable to holders of Common Shares of record on any date on or after the date of such conversion; subject as aforesaid and subject to the provisions of sub-clause (f) hereof, upon the conversion of any Class B Shares there shall be no adjustment by the Company or by any holder of Class B Shares on account of any dividends either on the Class B Shares so converted or on the Common Shares resulting from such conversion;
- (d) In the case of any Class B Shares which may be called for redemption, the right of conversion thereof shall, notwithstanding anything herein contained, cease and terminate at the close of business on the

third business day prior to the date fixed for redemption, provided, however, that if the Company shall fail to redeem such Class B Shares in accordance with the notice of redemption the right of conversion shall thereupon be restored and shall continue as before;

- (e) Subject as hereinafter provided in this sub-clause (e), the right of a holder of Class B Shares to convert the same into Common Shares shall be deemed to have been exercised, and the registered holders of Class B Shares so converted (or any person or persons in whose name or names any such registered holder of Class B Shares shall have directed certificates representing Common Shares to be issued as provided in sub-clause (b) hereof) shall be deemed to have become holders of Common Shares of record of the Company for all purposes, on the respective dates of surrender of certificates representing the Class B Shares to be converted accompanied by notice in writing as provided in sub-clause (b) hereof, notwithstanding any delay in the delivery of certificates representing the Common Shares into which such Class B Shares have been converted, but should any certificates representing Class B Shares be duly surrendered for conversion during a period when the registers of transfers of Common Shares are properly closed, the registered holders of such Class B Shares (or other person or persons as aforesaid) shall be deemed to become holders of Common Shares of record immediately upon the re-opening of such registers of transfers;
- (f)
 - (i) In the event of any subdivision and/or reclassification of the Common Shares of the Company at any time while any of the Class B Shares are outstanding into a greater number and/or a different class or classes of shares, the holder of any Class B Shares exercising the conversion right attaching thereto at any time after such subdivision and/or reclassification shall be entitled to such greater number and/or different class or classes of shares as would have resulted from such subdivision and/or reclassification if the right of conversion had been exercised prior to the date of such subdivision and/or reclassification;
 - (ii) In the event of any consolidation and/or reclassification of the Common Shares of the Company at any time while any of the Class B Shares are outstanding into a lesser number and/or a different class or classes of shares, the holder of any Class B Shares exercising the conversion right attaching thereto at any time after such consolidation and/or reclassification shall be entitled to such lesser number and/or different class or classes of shares as would have resulted from such consolidation and/or reclassification if the right of conversion had been exercised prior to the date of such consolidation and/or reclassification;
 - (iii) If the holder of any Class B Share shall exercise the conversion right attaching thereto at any time after the payment of any dividend on the Common Shares payable in Common Shares of the Company or payable at the option of the holders thereof either in Common Shares of the Company or in cash or partly in Common Shares of the Company and partly in cash, such holder shall be entitled to the number of Common Shares of the Company which he would have been entitled to on the exercise of such right of conversion of such Class B Shares if such dividend had not been paid and, in addition, he shall be entitled to such additional Common Shares of the Company as would have been payable on the Common Shares of the Company resulting from the exercise of such right of conversion if such Common Shares had been outstanding on the record date for the payment of such dividend and if the holder of such Common Shares had exercised any such option so as to be entitled to Common Shares and not to cash; and
 - (iv) If the Company proposes to issue subscription warrants, or other rights, to the holders of its Common Shares generally to purchase shares of the Company, the Company shall so notify each registered holder of Class B Shares by written notice given at least thirty (30) days prior to the date fixed by the Company as the record date in connection with the issue of such subscription warrants, or other rights, to purchase shares;
- (g) The Company shall not issue fractional shares upon any conversion but in lieu thereof the Company shall issue bearer non-voting and non-dividend bearing fractional certificates in a form approved by the board of directors; and
- (h) All shares resulting from any conversion of Class B Shares into Common Shares (including whole Common Shares issued upon the consolidation of fractional certificates which result from conversions)

shall be fully paid and non-assessable; nothing herein contained shall affect or restrict the right of the Company to increase the number of its Common Shares without par value in accordance with the provisions of The Corporations Act and to issue such shares from time to time;

(7) The holders of the Class B Shares shall not be entitled as such (except as hereinafter specifically provided) to receive notice or to attend any meeting of the shareholders of the Company or to vote at any such meeting but shall be entitled to receive notice of meetings of shareholders of the Company called for the purpose of authorizing the dissolution of the Company or the sale of its undertaking or a substantial part thereof and shall be entitled to receive copies of the financial statements of the Company;

(8) The authorization required by subsection 4 of section 33 of The Corporations Act to delete or vary any preference, right, condition, restriction, limitation or prohibition attaching to the Class B Shares or to create preference shares ranking in priority to or on a parity with the Class B Shares may be given by at least two-thirds ($\frac{2}{3}$) of the votes cast at a meeting of the holders of the Class B Shares duly called for that purpose and held upon at least twenty-one (21) days' notice at which the holders of at least a majority of the outstanding Class B Shares are present or represented by proxy; if at any such meeting the holders of a majority of the outstanding Class B Shares are not present or represented by proxy within one-half ($\frac{1}{2}$) an hour after the time appointed for such meeting, then the meeting shall be adjourned to such date being not less than fifteen (15) days later and to such time and place as may be appointed by the chairman and not less than ten (10) days' notice shall be given of such adjourned meeting but it shall not be necessary in such notice to specify the purpose for which the meeting was originally called; at such adjourned meeting the holders of Class B Shares present or represented by proxy may transact the business for which the meeting was originally called and a resolution passed thereat by not less than two-thirds ($\frac{2}{3}$) of the votes cast at such adjourned meeting shall constitute the authorization of the holders of the Class B Shares referred to above; the formalities to be observed in respect to the giving of notice of any such meeting or adjourned meeting and the conduct thereof shall be those from time to time prescribed by the by-laws of the Company with respect to meetings of shareholders; on every poll taken at every such meeting or adjourned meeting every holder of Class B Shares shall be entitled to one (1) vote in respect to each Class B Share held; and

(9) The Class B Shares and Common Shares respectively shall be subject to the preferences, rights, conditions, restrictions, limitations and prohibitions attaching to the Class A Preference Shares.

SCHEDULE C

1. Certain Holdings of Common Shares of Atlantic Sugar Refineries Co. Limited:

J. S. Gairdner—18 shares

Peter Hedgewick—1,000 shares

Hedgewick Enterprises Limited—7,500 shares

Gairdner & Company Limited—2,282 shares

2. Trading of Common Shares of Atlantic Sugar Refineries Co. Limited by Hedgewick Enterprises Limited and Gairdner & Company Limited since October 1, 1969:

(a) Hedgewick Enterprises Limited bought 1,000 shares on October 30, 1969 at \$6.50 per share.

(b) Gairdner & Company Limited has carried out the following trades:

Date	Bought		Sold		Date	Bought		Sold	
	Number	Price	Number	Price		Number	Price	Number	Price
Oct. 1	25	6 $\frac{1}{8}$			10			50	7 $\frac{3}{8}$
3	25	6 $\frac{1}{8}$			11			40	7 $\frac{1}{4}$
7	75	6			11			75	7 $\frac{1}{8}$
7			100	6	12	50	7		
8	50	6			12	300	7 $\frac{1}{8}$		
14			100	6 $\frac{1}{4}$	13	200	7 $\frac{1}{8}$		
15	20	6			13			175	7 $\frac{1}{4}$
15			25	6 $\frac{1}{8}$	14	75	7 $\frac{1}{4}$		
17	100	6			14			815	7 $\frac{3}{8}$
17	600	6 $\frac{1}{8}$			18	100	7 $\frac{1}{4}$		
17			50	6 $\frac{3}{8}$	18			15	7 $\frac{1}{2}$
18			400	6 $\frac{3}{4}$	19	25	7 $\frac{1}{8}$		
20			100	6 $\frac{3}{8}$	20	50	7 $\frac{1}{4}$		
20			100	6 $\frac{1}{2}$	21	100	7 $\frac{1}{8}$		
20			100	6 $\frac{5}{8}$	24	50	7		
20			100	6 $\frac{3}{4}$	24	25	7 $\frac{1}{8}$		
20			100	6 $\frac{7}{8}$	26			50	7 $\frac{1}{4}$
22	500	6 $\frac{1}{2}$			28	75	6 $\frac{7}{8}$		
22	408	6 $\frac{3}{8}$							
22	100	6 $\frac{5}{8}$			Dec. 1	25	6 $\frac{7}{8}$		
22			40	6 $\frac{5}{8}$	1	25	7		
22			105	6 $\frac{3}{4}$	2	75	7	25	7 $\frac{1}{4}$
23			300	6 $\frac{5}{8}$	3			335	7 $\frac{1}{8}$
30	100	6 $\frac{3}{8}$			4	50	6 $\frac{7}{8}$		
30	35	6 $\frac{1}{2}$			4			50	7 $\frac{1}{8}$
30	1,000	6 $\frac{5}{8}$	100	6 $\frac{5}{8}$	5	5	6 $\frac{7}{8}$		
31	125	6 $\frac{5}{8}$			8	20	6 $\frac{7}{8}$		
31	5	6 $\frac{7}{8}$			8			375	7 $\frac{1}{8}$
31			5	6 $\frac{7}{8}$	9	50	7		
31			100	6 $\frac{3}{4}$	10	75	6 $\frac{1}{2}$		
Nov. 3	30	6 $\frac{3}{4}$	900	6 $\frac{7}{8}$	10	500	6 $\frac{3}{4}$		
4	200	6 $\frac{7}{8}$	600	6 $\frac{7}{8}$	10			100	6 $\frac{3}{4}$
4			125	7	10			100	6 $\frac{7}{8}$
5			30	7 $\frac{1}{4}$	11	30	6 $\frac{5}{8}$		
5			15	7 $\frac{3}{8}$	11	500	6 $\frac{7}{8}$		
7	125	7 $\frac{1}{8}$			12			50	7
7			40	7 $\frac{1}{4}$	12			200	7 $\frac{3}{8}$
10	50	7			15	10	7		
10	100	7 $\frac{1}{8}$			15			50	7 $\frac{1}{4}$

Date	Bought		Sold		Date	Bought		Sold	
	Number	Price	Number	Price		Number	Price	Number	Price
16	5	7			13	25	$7\frac{5}{8}$		
16			315	$7\frac{1}{4}$	13			10	8
17	110	$7\frac{1}{8}$			16			200	$7\frac{7}{8}$
17			10	$7\frac{1}{4}$	16			15	8
18	45	7	100	$7\frac{1}{4}$	18	300	$7\frac{7}{8}$		
18	50	$7\frac{1}{8}$	300	$7\frac{3}{8}$	18	3	8		
19	15	$7\frac{1}{4}$	1	$7\frac{3}{4}$	18	8	$8\frac{1}{4}$		
22	100	$7\frac{3}{8}$			18	200	$8\frac{3}{8}$		
22	100	$7\frac{3}{8}$			18	50	$8\frac{1}{2}$		
22	500	$7\frac{1}{2}$			18			100	$8\frac{1}{8}$
23	65	$7\frac{1}{4}$	200	$7\frac{3}{8}$	19	25	8		
23			2	$7\frac{5}{8}$	19	350	$8\frac{1}{2}$		
29	210	$7\frac{1}{4}$	80	$7\frac{1}{2}$	19			505	$8\frac{5}{8}$
30			25	$7\frac{1}{2}$	19			200	$8\frac{3}{4}$
30			200	$7\frac{3}{4}$	24	5	$8\frac{1}{4}$		
30			200	8	24			300	$8\frac{3}{8}$
31	300	$8\frac{1}{8}$			24			55	$8\frac{1}{2}$
Jan. 2	3	$7\frac{7}{8}$			25	25	$8\frac{1}{4}$		
5			200	$8\frac{3}{8}$	25	300	$8\frac{1}{2}$		
6	50	8			27	15	$8\frac{1}{4}$		
7	270	$8\frac{1}{8}$			Mar. 2	50	$8\frac{1}{4}$		
9	50	$8\frac{1}{4}$			2			200	$8\frac{3}{8}$
12	85	$7\frac{3}{4}$			4	100	$8\frac{1}{4}$		$8\frac{3}{8}$
12			50	8	4			200	$8\frac{3}{8}$
13			125	$7\frac{7}{8}$	6	55	$8\frac{1}{4}$		
13			40	8	6			50	$8\frac{3}{8}$
13	300	$7\frac{3}{4}$			9	200	$8\frac{1}{8}$		
13	5	$7\frac{5}{8}$			10			300	$8\frac{1}{4}$
14			300	$7\frac{7}{8}$	12	90	$8\frac{1}{8}$		
15			50	8	12			100	$8\frac{3}{8}$
16			80	8	13	75	$8\frac{1}{8}$		
22	66	$8\frac{1}{8}$			13	300	$8\frac{1}{4}$		
22			150	$8\frac{1}{8}$	13			300	$8\frac{3}{8}$
22			175	$8\frac{1}{4}$	16	100	$8\frac{1}{8}$		
23	25	8			16	5	$8\frac{1}{4}$		
26			50	$8\frac{1}{8}$	16			70	$8\frac{3}{8}$
27			50	$8\frac{1}{4}$	17	100	$8\frac{1}{8}$		
28	90	8			18	75	$8\frac{1}{8}$		
29	185	8			18	30	$8\frac{1}{4}$		
Feb. 2	125	8			19	140	$8\frac{1}{8}$		
4	10	$7\frac{7}{8}$			24			15	$8\frac{1}{8}$
4	35	$8\frac{1}{8}$			25			300	8
4			5	$8\frac{1}{4}$	25			25	$8\frac{1}{8}$
5	100	$7\frac{3}{4}$			25			15	$8\frac{1}{4}$
5			100	8	26	300	$8\frac{1}{8}$		
6	300	$7\frac{7}{8}$			30	5	8		
6			800	8	Apr. 1	200	$8\frac{1}{4}$		
11			10	8	2	30	$8\frac{1}{4}$		
12			10	8	2	325	$8\frac{1}{2}$		
13	425	$7\frac{3}{4}$			3			400	$8\frac{5}{8}$

<u>Date</u>	<u>Bought</u>		<u>Sold</u>	
	<u>Number</u>	<u>Price</u>	<u>Number</u>	<u>Price</u>
6	200	$8\frac{7}{8}$		
6	1,000	9		
6			1,000	$9\frac{1}{8}$
6			300	$9\frac{1}{4}$
6			500	$9\frac{3}{8}$
6			50	$9\frac{1}{2}$
7	285	$8\frac{1}{2}$		
7	1,450	$8\frac{5}{8}$		
7	3,100	$8\frac{3}{4}$		
7	2,200	$8\frac{7}{8}$		
7			50	$8\frac{3}{4}$
7			200	$8\frac{7}{8}$
8	30	$8\frac{1}{4}$		
8	50	$8\frac{3}{8}$		
8			1,585	$8\frac{1}{2}$
8			1,210	$8\frac{5}{8}$

<u>Date</u>	<u>Bought</u>		<u>Sold</u>	
	<u>Number</u>	<u>Price</u>	<u>Number</u>	<u>Price</u>
9	150	$8\frac{3}{8}$		
9			250	$8\frac{5}{8}$
13			500	$8\frac{1}{4}$
13			1,025	$8\frac{3}{8}$
14	45	$7\frac{3}{4}$		
14			13	$8\frac{1}{8}$
14			40	$8\frac{1}{4}$
14			5	$8\frac{3}{8}$
15	5	$7\frac{7}{8}$		
15	200	8		
15			25	$8\frac{1}{8}$
17			35	8
20	40	$7\frac{3}{4}$		
20	35	$7\frac{7}{8}$		
22			200	8

<u>Name</u>	<u>Home Address</u>	<u>Occupation</u>
Clarence William Joseph Leonardi, C.A.	288 Dalewood Drive, Oakville, Ontario	Executive
John Albert Mullin, Q.C.	43 Glenallan Road, Toronto, Ontario	Solicitor
Douglas Grant Sinclair	100 St. Leonards Avenue, Toronto, Ontario	Executive
William John Ross Paton	27 Claremont Avenue, Pointe Claire, Québec	Executive

19. TAKE-OVER BID

As a result of the offer dated April 28, 1970, by the Company to the holders of outstanding Common Shares and outstanding Warrants to purchase Common Shares of Atlantic Sugar Refineries Co. Limited (hereinafter called "Atlantic") the Company acquired 2,120,390 Common Shares of Atlantic and 210,930 Warrants of Atlantic.

20. CERTIFICATE

Pursuant to a resolution duly passed by its board of directors, The Glengair Group Limited hereby applies for listing of the above-mentioned securities on The Toronto Stock Exchange, and the undersigned officers hereby certify that the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

THE GLENGAIR GROUP LIMITED



By: "C. W. LEONARDI",
Vice-President

By: "CYRL H. HOLLINGSHEAD",
Secretary

DISTRIBUTION OF COMMON STOCK AS OF APRIL 28, 1970

Number		Shares
244	..... Holders of 1 — 24 share lots	3,079
351	..... " " 25 — 99 " "	16,619
614	..... " " 100 — 199 " "	63,958
326	..... " " 200 — 299 " "	67,034
154	..... " " 300 — 399 " "	47,454
70	..... " " 400 — 499 " "	28,666
232	..... " " 500 — 999 " "	136,485
250	..... " " 1000 — up " "	9,045,311
<u>2,241</u>	Shareholders	<u>9,408,606</u>

DISTRIBUTION OF SHARE UNITS STOCK AS OF JUNE 18, 1970

Number		Shares
98	..... Holders of 1 — 24 share lots	1,253
453	..... " " 25 — 99 " "	22,853
714	..... " " 100 — 199 " "	80,065
300	..... " " 200 — 299 " "	63,160
227	..... " " 300 — 399 " "	69,788
123	..... " " 400 — 499 " "	52,340
231	..... " " 500 — 999 " "	145,097
186	..... " " 1000 — up " "	1,685,834
<u>2,332</u>	Shareholders	<u>2,120,390</u>

9.—SUBSIDIARY COMPANIES—APPENDIX

Name	Incorporation	Date	Authorized Capital	Issued Capital	Percentage Owned	Nature of Business
Glengair Investments Limited	Canada letters patent	May 21, 1957	11,206 6% non-cumulative redeemable preferred shares of the par value of \$100 each 2,000,000 common shares without nominal or par value	\$ 10,593	100%	Manufacture and sale of brick, Investment company
Canada Brick Company Limited	Canada letters patent	October 21, 1965	75,000 6% cumulative redeemable preferred shares of the par value of \$20 each 200,000 common shares without nominal or par value	75,000 100,000	100% 100%	Holds fixed assets used in the manufacture of brick
Northern Tar, Chemical and Wood Limited	Ontario letters patent	February 20, 1964	96,349 preference shares with a par value of \$25 each, issuable in series	31,649 \$1.70 Cumulative Redeemable Preference Shares, Series A	0%	Pipe enamel
			1,000,000 common shares without par value	420,000	75.9%	
Northern Wood Preservers Limited	Ontario letters patent	May 2, 1935	708 5½% non-cumulative redeemable preference shares with a par value of \$100 each 20,000 common shares without par value	None 20,000		Production and treatment of wood products
Northern Wood Preservers (Saskatchewan) Limited	Saskatchewan Memorandum and Articles of Association	June 8, 1938	2,500 6% sinking fund cumulative participating convertible preference shares of a par value of \$100 each 50,000 common shares without nominal or par value	None 40,410		Pressure treatment of wood products
Northern Forest Products Ltd.	Canada letters patent	December 30, 1940	500,000 shares without nominal or par value	265,007	100%	Cutting of timber and pulpwood

Percentage
Owned by
Northern Tar

APPENDIX—Continued

Name	Incorporation	Date	Authorized Capital	Issued Capital	Percentage Owned	Nature of Business
V.P.G.L. Holdings Limited	Ontario letters patent	September 8, 1965	1,000 shares without par value	500	Percentage Owned by Glengair Investments 90%	Holding company
Venpower Limited	Canada letters patent	June 5, 1959	5,000,000 shares without par value	2,885,511	Percentage Owned by V.P.G.L. and Glengair Investments 50.3%	Holding company
C. A. Fuerza Electrica	Venezuela Articles of Incorporation	January 17, 1959	4,000,000 shares with a par value of Bs 1.00	4,000,000	Percentage Owned by Venpower 100%	Produces and distributes electric power in Anaco area of Eastern Venezuela
C. A. Electricidad de Cantaura	Venezuela Articles of Incorporation	December 15, 1966	700 shares with a par value of Bs 1,000.00	700 (partly paid)	Percentage Owned by Glengair (or a subsidiary) 100%	Distributes electric power in Cantaura area of Eastern Venezuela
Redi-Set Holdings Limited	Ontario letters patent	February 8, 1960	9,000 6% non-cumulative redeemable preference shares with a par value of \$1 each 900 common shares without par value	9,000	100%	Holding company
Redi-Set Services (Toronto) Limited	Ontario letters patent	February 8, 1960	35,000 7% cumulative redeemable non-voting Class A preference shares with a par value of \$10 each 50,000 6% non-cumulative redeemable non-voting Class B preference shares with a par value of \$10 each 900 common shares without par value	None 48,000 900	100% 100%	Holding company

APPENDIX—Continued

Name	Incorporation	Date	Authorized Capital	Issued Capital	Percentage Owned	Nature of Business
					Percentage Owned by Glengair (or a subsidiary)	
Redi-Set Business Forms Limited	Ontario letters patent	August 13, 1952	8,950 5% cumulative redeemable preference shares with a par value of \$10 each 100,000 common shares without par value	6,000	100%	Manufactures continuous and snap-out business forms
Tancord Industries Ltd.	Canada letters patent	October 13, 1931	413,738 6% non-cumulative redeemable preference shares with a par value of \$4 each 550,000 common shares without nominal or par value	413,738	72.9%	Manufactures ropes and twines
				413,738	80.1%	
					Percentage Owned by Tancord	
Synthetic Ropes & Twines Limited	Ontario letters patent	June 19, 1959	1,000 shares without par value	100	100%	Inactive
Processed Fibres, Inc.	New York Certificate of Incorporation	September 13, 1968	200 shares without par value	100	100%	Cutting of fibres for use in plastic pre-mix materials
Brantford Cordage Limited	Canada letters patent	July 10, 1959	1,000 shares without nominal or par value	3	100%	Inactive
					Percentage Owned by Glengair	
Allanson Manufacturing Corporation Limited	Ontario letters patent	March 23, 1942	93,200 5% non-cumulative redeemable non-voting preference shares with a par value of \$10 each 20,000 common shares without par value	10,000	100%	Manufactures ballasts and transformers
Allanson Manufacturing Corporation	New York Certificate of Incorporation	July 25, 1962	90,000 6% cumulative redeemable preference shares of the par value of \$1 each 1,000 common shares of the par value of \$1 each	9,000	100%	Manufactures ballasts and transformers
				1,000	100%	

APPENDIX—Continued

Name	Incorporation	Date	Authorized Capital	Issued Capital	Percentage Owned	Nature of Business
					Percentage Owned by Glengair (or a subsidiary)	
Glentech Instruments Limited	Canada letters patent	March 7, 1969	1,000,000 convertible deferred shares without nominal or par value	800,000	75%	Formed to establish, acquire and invest in companies manufacturing and selling high-technology products
			3,000,000 common shares without nominal or par value	400,000	100%	
St. Lawrence Brick Co. Limited	Québec letters patent	April 22, 1924	200,000 7% cumulative redeemable preferred shares of the par value of \$1 each	78,150	51%	Manufactures bricks
			23,000 common shares of the par value of \$100 each	15,630	51%	
Atlantic Sugar Refineries Co. Limited	Ontario letters patent	October 13, 1939	75,000 5% cumulative redeemable preference shares	75,000	0%	Refining and sale of sugar
			600,000 Class A cumulative redeemable preference shares	435,000	0%	
			9,000,000 common shares without par value	5,460,600	62.3%	
Atlantic Fish Processors Co. Ltd.	Canada letters patent	December 6, 1965	3,000,000 preferred shares of the par value of \$1 each	1,000,000	100%	Catching, processing and selling groundfish
			100,000 common shares of the par value of \$10 each	12	100%	
Ocean Maid Foods Limited	Canada letters patent	October 6, 1967	10,000 common shares without nominal or par value	7	100%	Selling agent for Atlantic Fish Processors Co. Ltd.
Ocean Maid Foods Inc.	State of Maine Certificate of Incorporation	November 13, 1967	50,000 common shares of the par value of \$10 each	3	100%	Marketing and distribution of frozen groundfish throughout the United States

APPENDIX—Continued

Name	Incorporation	Date	Authorized Capital	Issued Capital	Percentage Owned	Nature of Business
Canadian Tuna Company (1965) Limited	Canada letters patent	September 17, 1965	3,000,000 preferred shares of the par value of \$1 each	2,000,000	Percentage Owned by Atlantic Sugar (or a subsidiary) 100%	Processing tuna fish
Acadia-Atlantic Sugar Company Limited	Canada letters patent	May 19, 1932	50,000 common shares of the par value of \$10 each	13,500	100%	
Canadian Tuna (U.S.) Corporation	State of Maine Certificate of Incorporation	August 3, 1966	160,000 common shares without nominal or par value	160,000	100%	Inactive
Woodside Realities Limited	Canada letters patent	February 20, 1952	50,000 common shares of the par value of \$10 each	1,000	100%	Inactive
Acadia Pulp and Paper Limited	New Brunswick Special Act	December 2, 1961	4,000 preferred shares of the par value of \$100 each 50,000 common shares without nominal or par value	3	100%	Inactive
South Nelson Shipping Ltd.	Canada letters patent	September 18, 1964	5,000,000 common shares without nominal or par value	2,306,000	98%	Production of flash-dried mechanical groundwood pulp
					Percentage Owned by Acadia Pulp 100%	Shipping agent for its parent company Acadia Pulp and Paper Limited